Variation in Preferences

Domestic Interests and Ideas in British and German Governmental Trade Positions in EU FTA Negotiations

Inauguraldissertation
zur Erlangung des akademischen Grades
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- Fakultät für Sozialwissenschaft -

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<th>Full Form</th>
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<tbody>
<tr>
<td>AA</td>
<td>Federal Foreign Office</td>
</tr>
<tr>
<td>ACEA</td>
<td>European Automobile Manufacturers’ Association</td>
</tr>
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<td>ACP</td>
<td>African, Caribbean and Pacific</td>
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<td>ACTA</td>
<td>Anti-Counterfeiting Trade Agreement</td>
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<td>AHK</td>
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<td>Asia-European Meeting</td>
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<td>ATTAC</td>
<td>Association for the Taxation of Financial Transactions and Citizen’s Actions</td>
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<td>BBA</td>
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<td>BBC</td>
<td>British Broadcasting Corporation</td>
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<td>BDA</td>
<td>Confederation of German Employers’ Association</td>
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<td>BdB</td>
<td>Association of German Banks</td>
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<tr>
<td>BDI</td>
<td>Federation of German Industries</td>
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<td>BEIS</td>
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<td>BERR</td>
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<td>BGA</td>
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<td>BMEL</td>
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<td>BMWi</td>
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<td>Central and Eastern European Countries</td>
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<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GEG</td>
<td>Global Economic Governance</td>
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<td>IPE</td>
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<td>Investor-to-State Dispute Settlement</td>
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<td>MFN</td>
<td>Most-Favoured-Nation</td>
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<td>North American Free Trade Agreement</td>
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<td>NFU</td>
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<td>NGO</td>
<td>Non-Governmental Organisation</td>
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<td>Normative Power Europe</td>
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<td>Non-Tariff Barrier</td>
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<td>OBD</td>
<td>On-Board Diagnosis</td>
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<td>OECD</td>
<td>Organisation for Economic Co-operation and Development</td>
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<td>OICA</td>
<td>International Organisation of Motor Vehicle Manufacturers</td>
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<td>OLP</td>
<td>Ordinary Legislative Procedure</td>
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<td>ONS</td>
<td>Office for National Statistics</td>
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<td>QMV</td>
<td>Qualified Majority Voting</td>
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<td>OPE</td>
<td>Open Economy Politics</td>
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<td>Program on International Policy Attitudes</td>
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<td>QR</td>
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<td>SME</td>
<td>Small and Medium-Sized Enterprise</td>
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<td>SMMT</td>
<td>Society of Motor Manufacturers &amp; Traders</td>
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<td>Single Market Programme</td>
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<td>Social Democratic Party of Germany</td>
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<td>TBT</td>
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<td>United Kingdom Trade and Invest</td>
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<td>United Nations</td>
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<td>United Nations Economic Commission for Europe</td>
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<td>Abbreviation</td>
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<td>US</td>
<td>United States</td>
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<td>German Chemical Industry Association</td>
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<td>German Association of the Automotive Industry</td>
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<td>German Mechanical Engineering Industry Association</td>
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<td>United Services Trade Union</td>
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<tr>
<td>VoC</td>
<td>Variety of Capitalism</td>
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<td>WEED</td>
<td>World Economy, Ecology and Development</td>
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<td>WDM</td>
<td>World Development Movement</td>
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<td>World Public Opinion</td>
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<td>War on Want</td>
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<td>World Trade Organisation Trade Policy Review</td>
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<tr>
<td>WVS</td>
<td>World Values Survey</td>
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</table>
Acknowledgements

“It Juliet. Wilt thou be gone? It is not yet near day?
It was the nightingale and not the lark,
That pierc’d the fearful hollow of thine ear.
Nightly she sings on yond pomegranate tree.
Believe me love, it was the nightingale.
Romeo. It was the lark, the herald of the morn,
No nightingale. Look, love, what envious streaks
Do lace the severing clouds in yonder east.
Night’s candles are burnt out, and jocund day
Stands tiptoe on the misty mountain tops.
I must be gone and love, or stay and die.”

Romeo and Juliet, Act 3 Scene 5 (William Shakespeare)

It is difficult to let go of something that means so much, which has been part of me, of my identity, part of such a long time of my life. This time however, it is not the nightingale embracing continuity and consistency, as it has done many times before. This time, it is time to let go, time for completion of this study. It is time for the lark’s tune, to end all familiarity and to start a new day, a new chapter in my life.

Many acknowledgements must be given for helping make this Ph.D. possible. A large portion of exceptional gratitude goes to my two supervisors Prof. Dr. Stefan Schirm and Prof. Dr. Rainer Eising who have been wholly supportive and patient over the many years this study has been in the making. I have been considerably blessed to have had two supervisors whose knowledge and expertise in their respective research fields of Global Economic Governance, Emerging Powers, International/European Political Economy, European Union/EU member states and Interest groups has complemented this study and whose guidance has helped me to find my own place within these fields. Thanks must also be given to both professors for haven given me the opportunity on several occasions to present my project in their research colloquia where I received constructive feedback and motivation. These pearls of wisdom were worth the world especially at times when it has been difficult to see the wood from the trees.

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INTRODUCTION

There is widespread acceptance that the European Union (EU) is a “formidable power” (Meunier and Nicolaidis 2006: 907) in the international trading system. This is not least because of its economic weight; the EU is the largest exporter and importer of services and second largest exporter and importer of goods (WTO 2016: 95-97). Due to the size of its economic footprint and trade’s central importance to the EU (Young and Peterson 2014: 10-15), considerable attention in EU trade policy literature has been paid to primarily three questions; (1) what shapes EU positions in international trade agreements; (2) what influences the effectiveness of the EU in pursuing these positions (Young 2012: 422; Dür and Zimmermann 2007: 776; Orbie 2009: 35; Woolcock 2012: 1), and subsequently; (3) how well does the EU perform in international trade negotiations (Baldwin 2006; Da Conceição-Heldt 2014).

This study is situated within the first of these central questions. It does however not focus on what positions the EU takes or trade policies it adopts in international trade negotiations, as this has been covered in EU trade policy literature all too often (Dür and Zimmermann 2007; Elgström and Jönsson 2005; Meunier 2005; Hoffmeister 2015; Van Schaik 2013; Woolcock 2012; 45-84). The aim here is to explain what trade positions EU member governments have in negotiations of bilateral free trade agreements (FTAs) and why. In particular, this study aims to account for variation across EU member governments’ trade positions by examining the domestic politics within the member states. Of importance from the very beginning of this study is that a particular distinction between member states and member governments, although often used interchangeably in EU trade policy studies, should be made. By stressing the importance of domestic politics shaping trade positions, this study explicitly focuses on member governments rather than on member states. Starting point here, which will be elaborated upon more in detail later, is scholars’ observation and assumption that these trade

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1 House of Lords (2008: 10).
3 Regarding the latter question see also Da Conceição-Heldt and Meunier 2014; Hill 1993; Hill 2004; Meunier 2005: 4; Orbie 2009: 35; Whitman 2010; Young 2013.
4 According to Mansfield and Milner (2012: 5) FTAs reduce or eliminate trade barriers on most or all products within the agreement.
positions substantially diverge. Most research however takes these trade preferences as effectively ‘exogenously’ given, mostly in a predictable way (Ahnlid 2005; Baldwin 2006: 931; Young 2012: 427). Although this consensus about variation in preferences exists, by observing or assuming these positions and by not analysing the domestic sources of these, there is a salient gap in knowledge about national trade policy formulation and understanding of how, and by whom, trade positions of EU member governments are formed (Dür and Zimmermann 2007: 783). Domestic politics within the member states therefore seems to play no significant role in EU trade policy making and studies which investigate how various societal actors affect trade policy making seem to no longer apply (Ehrlich 2009: 116). This evidently raises questions about the causes of variation in governmental trade positions. Inquiries concerning why EU member governments vary in trade positions and priorities, and how and by whom these are generated in the domestic preference formation process, remain largely unanswered. This study is thus motivated by the acknowledgment that these questions have received scant attention in the literature and by the desire that answering them will be crucial to a better understanding of the complex reality of EU trade policy making.

In order to fill this lacuna, this research goes contrary to most studies on EU trade policy making as these largely refer to the institutional framework and the institutional determinants (Dür and Poletti 2013) in which the central role of the European Commission (henceforth Commission), its relationship with the Council of the European Union (henceforth Council) representing the member states collectively, and the European Parliament (henceforth Parliament) is highlighted. With the Common Commercial Policy (CCP) under the exclusive competence of the Commission, it has been granted “the greatest external authority” (Jupille and Caporaso 1998: 216). It has the authority to act on behalf of the collective and is responsible for initiating, conducting and implementing EU trade policy and represents a “single external voice” (Meunier 2000: 103) on the international level. The EU’s trade negotiation positions are, amongst others, shaped by and reflect the aggregation of the

5 Throughout this study, trade positions and trade preferences are used interchangeably.
7 It is surprising that research on EU national trade policy preference formation is so thin, especially in comparison to the large bulk of literature on US trade policy making (for an overview see Milner 1999).
8 Since the Treaty of Lisbon, the European Parliament also has to be formally consulted and its consent to all trade agreements is required. Most research has focused more on the relationship between the Commission and the Council, although scholars have increasingly examined Parliament’s role in international trade negotiations (Meissner 2016b; Richardson 2012; Van den Putte et al. 2015).
9 Member states still retain authority on services trade for particular issues. This will be described in Chapter 2.
preferences of the governments of its member states. In EU trade policy literature this is commonly referred to by the metaphor ‘three-level’ game, which entails the domestic, the EU and the international level (Collinson 1999; Patterson 1997). In practice however, most research tends to assume trade positions of the member countries and does not analyse the domestic level. Consequently, attention in a large number of studies is paid to the ‘two-level’ game approach (Putnam 1988). Although on the one hand, this research leads to a prominent focus on the Commission, on the other hand, it thereby neglects the domestic level (Woolcock 2005a: 245). As a consequence, the conventional approach in EU trade policy literature is thus to primarily view trade policy as a product of the Commission and “deference to Commission positions have become the norm” (Falke 2005a: 253).

Existing research on EU trade policy making thus tends to overlook the domestic level, where trade policy making actually begins and where EU member governments have to find negotiation positions reflecting preferences originating from domestic societal influences. This limited research on domestic politics is particularly striking “since trade is a large and critically important element of many countries’ economies” (Mansfield and Milner 2012: 2). First of all, negotiation of any type of trade agreement always carries benefits and losses for societal actors. Secondly, these actors are not homogenous and usually have diverging preferences with regard to trade agreements which include several negotiation issues categorised in trade in goods, trade in agriculture, investments, services and non-tariff barriers (NTBs) (Meissner 2016a: 61). According to Young (2007) three types of EU trade policies exist. First of all, trade policy is concerned with traditional market access, that is, provisions related to ‘at the border’ tariff barrier (TB) negotiations for goods, services and investment. Secondly, market regulation instead of market access has become increasingly important (European Commission 2006: 6) which involves reducing or coordinating commercial ‘behind the border’ regulatory barriers, covering non-tariff barriers (NTBs) including issues such as technical barriers to trade (TBT) and sanitary and phytosanitary (SPS) measures. Thirdly, apart from market access or market regulation, EU trade policy now also entails social trade issues, linking trade with fundamental value-based societal issues such as labour standards and environmental or public health protections (Young 2007: 790; Van den Putte et al. 2013). These societal values are included in separate sustainable development chapters which reveal that FTAs are not only negotiated to pursue free trade goals but also fair trade

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10 See EU Trade Policy Making section on other factors shaping EU negotiation positions.
11 This includes the investor-to-state dispute settlement (ISDS).
goals to promote social justice and cohesion (Bossuyt 2009: 703; Gstöhl 2009). In line with Ehrlich (2010: 1015), free trade deals with the impact of trade on the domestic economy while fair trade expresses concerns about the impact of trade on the environment or labour standards. These three types of trade policies, traditional, commercial and social, thus cover a broad range of trade issues which increasingly impinge the domestic politics of EU member countries. Also, these policies have divergent implications on different member governments’ trade positions and changes the way in which national trade policy is formulated. This refers to the concept of the EU being a ‘conflicted trade power’ as different member governments, shaped by the interaction of various societal actors, have discordant preferences with regard to above-mentioned specific trade issues, relating to both material interests and societal values (Bossuyt 2009: 713-714; Meunier and Nicolaidis 2006: 908-909; Da Conceição-Heldt 2014).\(^{12}\)

This discordance is mainly due to the broadening of the trade policy agenda which has led to an increasing involvement and interplay of a heterogeneous range of societal actors concerned about the different distributional implications of traditional, commercial and social trade issues. According to Baldwin (2006: 930) this means that “just at the time when the issues are becoming more, not less, complex and political, it is vital that member states (…) promote their interests”. Trade politics therefore is more than about competition between the so-called traditional trade actors, export-oriented and import-competing interests concerned about material considerations of market access, as usually assumed in EU trade policy and international political economy (IPE) literature (Dür 2007; Lake 2006: 762; Milner 2002: 450). Expansion of the trade agenda and inclusion of fundamental societal values has led trade policy to touch on many domestic issues within national economies (Bieler et al. 2014: 5) and increasingly “interferes with the way societies are organised” (Maes 2009: 100). EU trade policy has thus seen a shift away from a “purely distributive trade conflict” between societal actors, to conflicts centred on trade policy being viewed as a threat to fundamental societal values (De Ville and Siles-Brügge 2016: 95). This has resulted in trade policy becoming increasingly contested and politicised due to its growing impact “on almost every aspect of economic and social life” (McGuire and Scherer 2010: 4). This in turn has led to an increase of non-traditional trade actors, the so-called “new kids on the (trade politics) block” (De Ville and Siles-Brügge 2016: 98), such as (trans)national civil society groups interested in a stake

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\(^{12}\) See also Bretherton and Vogler 2006: 82-83; Da Conceição-Heldt 2011: 406; McGuire and Lindeque 2010: 1332; Meunier 2005: 46; Woolcock 2015: 397; Young and Peterson 2014: 31.
of the policy process (Jarman 2008: 27; De Bièvre 2014: 222). These societal actors are “distinguishable largely by the centrality of principled ideas or values in motivating their formation (Keck and Sikkink 1998: 1).

In traditional trade liberalisation, these societal actors’ stakes were low as it was assumed that they were to benefit from trade liberalisation. Before the broadening of the trade agenda these actors were thus largely ignored in trade policy research as it was assumed that they were indifferent to tariff liberalisation and thus were not expected to have a substantial interest in trade policy (Mansfield and Milner 2015: 59; Young 2016: 11). The likelihood that trade liberalisation results for example, in lowering environmental and consumer standards changes the stakes of these actors and provides them with strong incentives to engage in trade policy in order to defend fundamental societal values and rules. These less traditional trade policy actors, now actively engaged and at the centre stage of trade policy making are for example consumers, non-governmental organisations (NGOs) and citizens whose concerns are not directly related to material concerns but they share ideational beliefs concerning appropriate governmental policies, for example appropriate market regulation or their expectations regarding for example environmental and public health protections. As Young and Peterson (2006: 801) observe

“Once mobilised over trade policy, these new trade actors often become pro-active, seeing trade rules not only as a threat to their policy objectives, but also as a possible tool for realizing them”.

EU trade policy thus has an effect on domestic politics in EU member countries and, in turn, domestic politics equally shapes EU trade policy making. Ehrlich finds that

“individual EU countries maintain sufficient control over their trade policies [and] that the politics and economics within the individual countries still influence the setting of that policy in much the same way as they do in other countries” (2009: 116).

The aim of this study, a domestic focus to account for variation across member governments’ trade positions thus offers a timely and relevant point of view. By not taking the domestic causes of variation in governmental trade positions into consideration, EU trade policy literature, so far, offers an incomplete picture on the three earlier mentioned central questions; (1) what shapes EU positions in international trade agreements; (2) what influences the

13 Scholte (2011: 34) defines civil society as “a political space where associations of citizens seek, from outside political parties, to shape societal rules”.
14 NGOs can also be referred to as social movements or civil society organisations (CSOs). For sake of simplicity the term NGOs is applied here.
effectiveness of the EU in pursuing these; and subsequently; (3) how well does the EU perform in international trade negotiations. This picture will become more complete by complementing these questions with a deeper understanding of the domestic politics that shape member governments’ trade positions.

1. **Research Question, Case Selection and Case Study Selection**

This study’s analysis of the variation in governmental trade positions is tested against empirical evidence concerning the domestic politics through which two EU member governments, Britain and Germany, have come to define their governmental trade preferences in the EU-Korea FTA negotiations.\(^{15}\) In order to prevent any confusion, it should be noted from the very beginning of this study that focus in the case studies is on the pre-Brexit and pre-Trump administration period. The reasons for (1) the considerations for conducting a comparative analysis of British and German governmental trade preferences, (2) choosing the EU-Korea FTA negotiations, as well as (3) the specific trade issues concerned, are numerous and will be explained in detail in the methodological part of this study (Chapter 5: Methodology). Nevertheless, in order to set the scene all three aspects will be briefly described here. The conditions by which variation in governmental trade positions occur will be briefly addressed in the general hypotheses below and explained more in detail in the theoretical framework (Chapter 4: Theoretical Framework).

1.1 **Research Question and Case Selection**

Although both the UK and Germany shared an interest in concluding the EU-Korea negotiations, this matching interest however did not translate into similar governmental trade positions.\(^{16}\) While Britain and Germany both have been traditional advocates of trade liberalisation (BIS 2011: 5; BMWi 2015; Bollen et al. 2016: 288), and were both expected to be key beneficiaries of the EU-Korea FTA, their stances towards this trade agreement were however far from being identical. Whereas the British government consistently signalled fervent support for signing the trade agreement, the German government’s position however, despite initially expressing enthusiasm for the EU-Korea FTA, noticeably varied throughout trade negotiations. As trade agreements affects societal actors differently, the country selection of Britain and Germany allows for highlighting the trade agreements’ potential opportunities and challenges; while certain societal actors were faced with the potential

\(^{15}\) Throughout this study, the Republic of Korea will be simply referred to as Korea.

\(^{16}\) Great Britain, Britain and the UK will be used here interchangeably.
economic benefits and costs of the EU-Korea FTA, other societal actors had fundamental concerns about the role of government in steering the economy with regard to labour standards and protection of the environment. While both countries were however confronted with these competing preferences, it is striking that the German governmental stance towards the EU-Korea trade agreement was much more ambivalent than the British governmental trade position.

This investigation will therefore be guided by the following research question: Why and under which conditions did the British and German governmental trade positions in the EU-Korea FTA negotiations diverge?

The role EU member governments such as Britain and Germany thus play in trade policy making should not be neglected (Alons 2013: 505) because, although “national governments do not fully control EU trade policy” (van Loon 2013: 226), it has a significant intergovernmental basis, it is developed closely with national governments whose preferences shape the agenda and depends on their approval for the results of international negotiations (Meunier 2005: 21). Accordingly, and as observed by EU negotiators, national trade positions of the member governments can have a serious impact on the EU spending more time negotiating with itself than negotiating with others. Hugo Paeman, serving as Deputy Director of Directorate General for Trade (DG TRADE) from 1987 until 1995, stated the following

“In the area of trade policy, negotiations between the member states can sometimes be far more gruelling than negotiations with third partners. Inevitably, proposals intend to reflect the collective position - i.e., the Community interest – are amended to take account of the disparate national views until, in many cases, all that is left is the ‘lowest common denominator’ (Paeman and Bensch 1995: 95).

Pascal Lamy, serving as European Commissioner for Trade (Trade Commissioner hereafter) from 1999 until 2004, said that he “spent probably two thirds of [his] time sorting out a policy line with the Member States, and one third negotiating with third countries’’ (Lamy 2001: 3). This has led to EU trade negotiations being referred to

“as if the commission is driving a Fiat 500 uphill, with 27 mothers-in-law in the backseat – and each one has a hand on the handbrake’’ (Lee-Makiyama quoted in Chaffin 2011).

Professor Rollo (Sussex University) referred to EU member governments’ shaping trade policy making in the Doha Development Round (DDR) as “the commission sits there, albeit
with the Council sitting on its shoulder like 27 parrots trying to whisper in its ear” (House of Commons 2011: Ev 98). Due to these national trade preferences shaping the EU’s trade negotiation positions and processes (Maull 2015: 418), EU member governments should therefore not be viewed as mere “substitutes on the bench waiting while the negotiations are being conducted” (Novotná 2015: 59). They are of importance in EU trade policy making because, on the one hand, they can spur the Commission to enter trade negotiations, whereas, on the other hand, they can also block such negotiations, if trade issues concerned are not in line with their preferences (Dür 2007: 836-837). As both British and German trade positions have been pivotal to the conclusion of trade negotiations, the question of why these governmental preferences vary thus seems pertinent.

1.2 Case Study Selection
It should be suffice to mention here that the importance of the EU-Korea FTA lies in that was the first trade agreement of the EU with an Asian country and the first new generation FTA which was concluded under the 2006 Global Europe trade strategy, signed in 2010 in the aftermath of the financial crisis. This trade strategy primarily focused on market access expansion for exporters through FTAs and on trade policy’s contribution to improve the EU’s external competitiveness and help in delivering domestic growth and jobs (European Commission 2006a: 11). The pre-eminent strong focus on the economic dimension of new generation FTAs however did not prevent that since the EU-Korea trade agreement, all FTAs have included a social dimension in the form of a chapter on sustainable development specifically dedicated to social and environmental standards (Van den Putte and Orbie 2015: 281). This is because the Global Europe strategy emphasised the linkage of trade with “social justice” (European Commission 2006a: 5) and “sustainable development (…) relating to labour standards and environmental protection” (European Commission 2006a: 12). Korea emerged as a priority partner for the EU and aims of negotiating the agreement was to be comprehensive in scope, liberalise substantially all trade with regard to TBs and NTBs by ensuring or improving regulatory convergence, to go beyond current WTO provisions, and to promote sustainable development (labour standards and environmental protection) (European Commission 2006: 12). By covering traditional, commercial and social trade issues, this study thus allows for a comparative examination of the impact of societal preferences in governmental trade positions with regard to the EU-Korea trade negotiations.

The EU-Korea FTA was the first FTA to include such a sustainable development chapter.
The EU-Korea FTA trade issues considered in these country studies are those where British and German governmental trade positions have shown considerable variation; this is trade liberalisation in the automobile and services sectors in the EU-Korea FTA negotiations (Elsig and Dupont 2012: 497). Of importance also is that the EU-Korea FTA was a mixed or shared agreement (Lasik and Brown 2013: 32), meaning shared competence between the EU and the member governments. This enables the latter “to influence the negotiation process and the content of the agreement” (De Witte and Thies 2013: 36; Maurer 2012: 138), which underlines the importance of why the domestic politics within member governments should be analysed.

2. Theoretical Framework
A brief encounter should also be given here on this study’s theoretical framework. This project employs Schirm’s societal approach to governmental preference formation in order to explain the variation in British and German governmental trade positions (Chapter 4: Theoretical Framework). This approach emphasises the role of domestic level variables and analyses these demands in explaining variation in governmental positions (Schirm 2009; 2011; 2013a; 2013c; 2015; 2016, 2017). The domestic pressures featured in the societal approach, and which are of importance in the trade realm are the independent variables domestic interests and ideas, which are employed in this study to explain variation in the British and German governmental trade positions, treated as the dependent variable.18 The societal approach holds that variation in governmental preferences arises from differences in material considerations and fundamentally shared values held by countries’ societies. Specifically, the societal approach stresses the importance of empirically testing the impact of these domestic variables alone and in combination with one another. Additionally, it focuses on the conditions for the prevalence of either of the independent variables, but also on the possible interdependencies between these variables in shaping governmental preferences (Schirm 2016: 68). The core hypothesis of this project is thus that variation in governmental trade positions correlates with differences in interests and ideas in the domestic politics of the UK and Germany. Governments’ actions are viewed “as a reaction to endogenous influences – as instruments that either accede to or resist domestic pressures” (Schirm 2002: 7) and hence, core assumption of the societal approach is that governments in democratic systems are responsive to societal actors’ influences because they want to be re-elected (Schirm 2017:

18 In its complete version, the societal approach also includes domestic institutions as an independent variable (Schirm 2016). See Theoretical Framework for an explanation of why this study does not analyse this independent variable.
3). Applying said approach thus seems promising for the comparative empirical analysis of governmental trade preferences because, as mentioned earlier, trade liberalisation directly affects the domestic level, that is, domestic societal influences which are presumed to have shaped both countries’ governmental trade positions. This allows for the conduct of a systematic analysis of two different sets of interests and ideas, domestic material interests and value-based ideas, i.e. the difference in both domestic cost-benefit calculations and ideational settings.

2.1 Hypotheses
This dissertation generates two hypotheses which rest on the societal approach and have been inserted within the context of this study. These hypotheses are presented again in the theoretical chapter (Theoretical Framework), where they are explained in more detail and where all variables, of independent and dependent nature, will be defined. Also, the specific conditions, in a narrow sense captured already by the hypotheses presented here, are equally accounted for in the same chapter. In line with the employed approach, it is important to note here, that the domestic variables under scrutiny are featured in both hypotheses, but their prevalence in shaping the British and German governmental trade positions varies (Schirm 2009; 2011; 2013a; 2013c; 2015; 2016, 2017).

In hypothesis 1 (H1), the independent variable which represents British and German domestic interests prevails. H1 accordingly claims that if trade liberalisation issues focus on distributional concerns, domestic interests will dominate domestic ideas in shaping British and German governmental trade positions.

In hypothesis 2 (H2), the independent variable which represents British and German domestic ideas prevails. H2 accordingly claims that if trade liberalisation issues focus on fundamental issues about acceptable governmental policies, that is the role of government in steering the economy and domestic interests are affected diffusely, then domestic ideas will dominate interests in shaping British and German governmental trade positions.

2.2 Societal Actors
The relevant actors studied in this research in relation to the independent variables domestic interests and ideas will be briefly mentioned here, but equally discussed further in detail at a later stage of this study (Chapter 5: Methodology). The domestic actors under scrutiny in the
societal approach are elected politicians, domestic sectoral interest groups and voters (Schirm 2013: 693). *The fundamental domestic actors in the societal approach hence are individuals and private groups, who are on the average rational and risk-averse and who organise exchange and collective action to promote variation in trade positions under constraints imposed by diverging material considerations and discordant shared values.* It should be suffice to mention here that these relevant societal actors for both the independent variable of domestic interests and the independent variable of domestic ideas are complemented by further societal actors. In the project here, domestic sectoral interest groups are complemented by trade unions to be considered as sources for domestic material interests, and voters are complemented by NGOs to be considered as sources for value-based ideas.

This project undertakes a theoretically-guided, systematic empirical analysis of two EU member governments, Great Britain and Germany. By applying this theory-guided approach (Levy 2008: 4), these governmental trade positions are not specified by observation or by assumption like, as mentioned earlier most scholars have done but are derived on the basis of pre-existing theory. By employing the societal approach to governmental preference formation, “we know features of the actor [or actors], and theory predicts that in a determined context these will lead to a particular set of preferences” (Frieden 1999: 61). According to Frieden, this is

> “analytically valuable [because] the preferences deduced in this way are expected to vary along with conditions that are more readily or ‘objectively’ assessed than the preferences themselves” (1999: 62).

By investigating *when each of the domestic variables matters in shaping governmental trade positions*, this study examines the *conditions* by which this variation across EU member governments occurs and aims to account for the interaction of the two types of independent variables, interests and ideas, in the domestic preference formation process (Schirm 2016: 68).

3. **Research Design**

In EU FTA negotiations, member governments are involved in each of the four stages of the negotiation process; from (1) designing the negotiation directives (mandate hereafter), through (2) the various negotiation rounds up until (3) the eventual ratification and (4) implementation of the negotiated outcome (Meunier and Nicolaidis 2000: 328). Ultimately, member governments can informally veto the mandate (Meunier and Nicolaidis 2011: 282).
and agree on its (non-)flexibility. Equally, as mentioned above, they are prone to shape the content of trade agreements during negotiations (Woolcock 2015: 394). In order to trace the domestic preference formation process, and in order to account for potential governmental position change during the negotiations, the first two of the four negotiation stages in EU trade policy making are analysed in this study, in particular the period leading up to the negotiation mandate being designed and the actual period of when the negotiations rounds took place up until the FTA was signed.

In order to avoid confusion one disclaimer should be mentioned here, which is that although the period during which the EU-Korea FTA negotiation rounds took place is part of the examination, the intergovernmental negotiation process which takes place on the EU level is not under scrutiny. It is therefore not possible to analyse how governmental trade preferences were aggregated and eventual trade-offs have been made. For the particular aim of this examination however, this is not imperative because, in line with the societal approach, governmental positions reflect preferences originating from domestic influences prior to international strategies and interstate negotiations (Schirm 2014: 2). As the primary aim of this research is to account for variation across member governments’ behaviour, its focal point is to analyse the domestic sources that have a stake in a prospective trade agreement and not how and whether aggregation and trade-offs between member governments were made.

The aim of this project is to give the reader “a feel” (Levy 2008: 7) for a theoretical argument by providing a concrete example of application of the societal approach to governmental preference formation. In order to demonstrate the empirical relevance of its theoretical prepositions a case study approach (George and Bennett 2004: 151) is implemented which includes a methodological multi-step analysis, in line with Carsten Mahrenbach (2013: 27). The results from two cases within the cross-country analysis aims at providing a clear comprehensive answer to the research question posed earlier:

Why and under which conditions did the British and German governmental trade positions in the EU-Korea FTA negotiations diverge?

This will be done by correlating societal preferences for domestic interests and ideas with the presence of these independent variables in the statements made by British and German government officials in the case studies. For one, this provides an opportunity to test both

19 Author’s emphasis.
governments’ responsiveness to its own societal groups individually, and simultaneously it will identify the similarity or variation in both governments’ responsiveness to these societal actors, thereby highlighting similarities or differences in their domestic preference formation processes. The multi-step analysis and the methodological triangulation (Dür 2008b: 569), combining three qualitative primary research methods – discourse analysis, analysis of public opinion polls and expert interviews will be explained further in the methodology chapter (Chapter 5: Methodology).

4. Contribution of the Study
By focussing on trade politics of preference formation on the domestic level, this study’s research approach is innovative as it goes contrary to most EU trade policy studies by analysing the domestic politics within member states. As such it aims to offer an original contribution to expand the empirical knowledge on both (1) trade policy making in the EU in general, and (2) on the domestic politics of trade policy making within EU member states in particular. This study thus complements existing research by aiming to generate a fuller picture of EU trade policy making. The research question this study addresses therefore is not only that of identifying the conditions by which different societal actors succeed in having their concerns represented in governmental trade positions. Nor only that of explaining the factors which influence whether societal actors shape their preferences on the basis of ideas rather than interests, vice versa, or even both. The ambition of this study is to integrate this research question and to apply it in the analytical framework of the societal approach which allows examining the explanatory power of two domestic (independent) variables causing variation in governmental trade positions (dependent variable). In other words, in order to account for this variation in preferences, the aim of this study is to provide the conceptual tools to put forward plausible arguments on the question of ‘who’ dominates the domestic politics of trade preference formation, and on the question of ‘why’, i.e. under which conditions societal actors’ dominate in shaping domestic preference formation. As a result, empirically testing governmental responsiveness to societal preferences in Great Britain and Germany is considered as the major contribution of this project.

5. Outline of the Study
Having provided an overview of the investigation concerned and the research question to be answered, a roadmap for the remainder of this study is now put forward. This project is divided into three parts. Part 1 Chapter1: Institutional Environment gives discussion to the
institutional determinants encompassing the conventional approaches of EU trade policy making. This will be done through a review of the existing literature which has largely adopted a rational choice institutionalist approach, with its primary focus on the ‘institutional triangle’ of the Commission and its relationship with the Council and Parliament and two frameworks, the principal agent theory and the multi-level approach which have played a central part in explaining EU trade policy making. This section will also provide information on studies’ contradictory results regarding the role of interest groups influencing EU trade policy making and concludes that societal actors remain important in trade policy making. This is then followed by Chapter 2: Literature Review which highlights the state of the art on trade preferences in general, trade positions of EU member states and then those of EU member governments in order to identify the gap in research. Part II equally consists of two chapters. Chapter 3: Theoretical Framework presents the framework including the hypotheses of this work as well as the conditions to explain variation in governmental trade positions. Chapter 4: Methodology concerns the methodological considerations which include the justification for the case study selected and the qualitative methods employed. Part III has three chapters that deal with the empirical cases of this study as well as the conclusion of this work. Chapter 5: Great Britain and Chapter 6: Germany present the empirical findings related to the country cases. A multi-step analysis is applied and divided into the following steps: (1) Contextualisation of Independent Variables and Hypotheses, (2) Identification of Independent Variables, (3) Identification of Independent Variables’ Presence in Governmental Trade Positions and, (4) Testing Hypotheses and Determining Governmental Responsiveness Correlations. This is followed by the methodological triangulation of three major, qualitative methods employed in this study: (1) discourse analysis, (2) public opinion polls and, (3) expert interviews. Finally, Chapter 7: Conclusion is a conclusion which first of all deals with answering the key questions of this research. It then evaluates whether the conditions and hypotheses are confirmed accordingly with the empirical results. This is then followed by a smaller empirical abstract of the TTIP negotiations, which is applied to draw attention to the need to close the research gap on the limited knowledge of countries’ trade positions by calling for stronger focus on the domestic level and to the origins of these positions.
PART I
CHAPTER 1: INSTITUTIONAL ENVIRONMENT

1. Introduction
This study’s focus is on the domestic politics and on the preference formation process within two EU member states. Nevertheless, in order to set the scene of this study and before the theoretical framework is discussed it is of importance to have a chapter on the key institutional features of EU trade policy making. This is not only intended in order to identify the basic structures of actors and procedures shaping the “oldest and most successfully integrated common policy” (Meunier 2005: 8) but this chapter will equally highlight the variations in preferences of the trade actors involved in EU trade policy making. This chapter will elaborate on the conventional approach to EU trade policy making. This ultimately will simultaneously illustrate that existing research on this topic has primarily overlooked the domestic level. As mentioned in the Introduction, the domestic level is where trade policy actually begins and where EU member governments have to find negotiation positions reflecting preferences originating from domestic societal influences. It is therefore of utmost importance to analyse this level in order to provide a fuller understanding of EU trade policy making.

2. Conventional Approach to EU Trade Policy Making
As mentioned earlier, trade policy is an exclusive competence for the EU, meaning that within an institutional framework the Commission, represented by the Trade Commissioner and DG TRADE is responsible for initiating, conducting and implementing external trade policy. It is therefore not surprising, given its *sui generis* trade governance structure, that an extensive amount of studies on EU trade policy making have particularly focussed on the central role of the Commission and on institutional determinants governing EU’s participation in international trade negotiations (Billiet 2009; Damro 2007; De Bièvre and Dür 2005; Elsig 2007, 2010; Kerremans 2004, 2006; Meunier and Nicolaïdis 1999; Meunier 2005, 2007;

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20 According to De Ville (2011: 145) questions primarily guiding studies on EU trade policy making involve investigating who is in charge of the CCP, the EU’s power position in international trade negotiations and to what extent and how trade policy is used as a foreign policy instrument. Young (2012: 422) states two central questions concerning EU trade policy making: what shapes the EU’s trade policy objectives and what affects how effective the EU is in pursuing them? Orbie and Kerremans (2013: 495) acknowledge that most studies on EU trade policy are organised along four thematic lines, examining the new-trade related issues, EU’s international negotiations, the social-trade linkage and trade-development nexus.
Most probably due to these unique institutional features (Poletti and De Bièvre 2013: 102) and to due to the fact that “the internal decision making structure of the EU affects the process and outcome of its negotiation with third countries” (Meunier, 1998: 193), the most commonly applied analytical frameworks in studies concerning EU trade governance use two forms of institutionalist explanations: the two/multi-level game approach and the principal-agent theory.

In the tradition of Putnam’s metaphor (1988), the ‘two-level’ game deals with a two-fold delegation of competences; from the member states to the Council (Moravcsik 1993, 1998) and at the EU level, from the Council to the Commission (Meunier and Nicolaïdis 1999: 480; Young 2013: 128). Other studies have also highlighted EU trade policy as a ‘three-level’ game by including the international level, i.e. the EU’s negotiation partner (Ahnlid 2005; Patterson 1997; Collinson 1999; Frenhoff Larsén 2007). Focus here has generally been on the institutional framework shaping the aggregation of member states’ positions into one common EU position. The principal-agent theory (Dür and Elsig 2011; Pollack 2006; Kassim and Menon 2003; Kerremans 2004) studies the delegation of trade policy authority from the principal (Council) to the agent (Commission) and their diverging trade preferences (Damro 2007: 886; Young 2012: 429; Young and Peterson 2014: 31) resulting in a “conflict versus cooperation” (Da Conceição 2010: 1109) inter-institutional relationship. Although studies agree on the dynamics of the interaction between the Council and the Commission as a central determinant of EU trade policy making, some authors emphasise the Commission’s autonomy as decisive in EU trade policy making (Zimmermann 2007; Woolcock 2012: 45-51) whereas others stress member state dominance (Aggarwal and Fogarty 2004: 226 – 227; van den Hoven 2004: 272).

2.1 The Commission
As mentioned earlier in the Introduction, some authors view EU trade policy primarily as a product of the Commission (Falke 2005a: 253). This is because as chief negotiator, and on behalf of all member states, the Commission represents one common position in negotiating trade agreements (Da Conceição-Heldt 2014; Da Conceição-Heldt and Meunier 2014; Elsig

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21 See Poletti and De Bièvre (2013) for an extensive literature review on EU trade. See Van den Putte et al. (2013) and Kerremans and Orbie (2009) for a comparative overview on the social dimension in EU trade agreements. See also Section 2.1.

22 See Da Conceição-Heldt (2013) for a comprehensive literature review on two-level games and trade cooperation.
and Dupont 2012: 505; Meunier 2007: 905). This so-called “single voice” (Meunier 2005: 2), or “single mouth” (Reiter 2005: 148) is the result of “autonomy by design” (Elsig 2007: 932) and “by necessity” (Meunier and Nicolaidis 2011: 276) where authority is delegated by the member states to the Commission. Despite this, there has been a particular contention concerning which trade issues fall under exclusive competence. Since the entry into force of the Lisbon Treaty in December 2009 however almost all trade policy, which includes services, TRIPS and FDI (Articles 207 and 218 of the Lisbon Treaty), is now under the exclusive competence of the Commission (Woolcock 2010: 384-385; Young 2012: 425). This centralisation of trade policy authority has supposedly enhanced the Commission’s ability to establish a common position. It should however be noted that the Commission has always acted ‘as if’ it had exclusive competence to negotiate on all trade topics, mainly because the member states allowed the Commission to negotiate on issues of national competence (Hoffmeister 2015: 141; Young 2010: 221).

This EU’s common negotiation position highlights member states’ preferences, the institutional rules through which these preferences are aggregated, with some member states having more weight in shaping this common position than others (Meunier 2007: 907). According to Ahnlid (2005: 145), this internal institutional setting empowers the Commission in the external environment. Certain factors contribute to the view that the Commission has considerable leeway in EU trade policy making; (1) the Commission’s autonomy derives from its agenda setting power, since it, and not the Council proposes the content of the mandate; (2) diverging member state interests can be used by the Commission to push its own interests through; (3) it is difficult for the member states to sanction the Commission after a mandate is issued; (4) as the sole negotiator the Commission can take advantage of information asymmetry in international trade negotiations (Elsig 2007: 934), and; (5) the Commission has the ability to alter the preferences of the member states (Meunier 2007: 909).

The Commission enjoys the right of initiative on the initiation, conduct and implementation of trade agreements. The Commission proposes ‘negotiation directives’ which entails its negotiation mandate. This “‘EU only’ approach” (Hoffmeister 2015: 139) enables the

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23 The inclusion of all services and trade-related aspects of IP in EU competence has not brought about any severe changes as many services already fell under EU competence and the Commission has negotiated on all services and IP for many years, even those falling under shared competence. For more information on EU exclusive competence and shared competence see Meunier and Nicolaidis (2000).

24 For more information see page 32.
Commission, according to Woolcock (2012: 53), to shape the course of EU trade policy, an example of this being the 2006 Global Europe trade strategy and its focus on negotiating bilateral FTAs. Through DG TRADE, the Commission also consults EU level sectoral interests to get their perspective, thereby displacing national sectoral interests as these are not viewed as representing the overall EU interest (Woll 2007). The Commission then proposes a mandate which is considered by the member states.

Several authors have argued that the Commission has preferences distinct from those of the member states, so-called *agency slack* (Aggarwal and Fogarty 2004: 227; Da Conceição 2010; Damro 2007: 886; Faust 2004: 53; Pollack 2003: 35). These preferences can be derived from several aspects; (1) the Trade Commissioner is eager to leave his ‘fingerprint’ in EU trade policy making (Elsig 2007: 943); (2) the Commission intends to defend the interest of the member state that nominated the Trade Commissioner; (3) it attempts to increase its competences and power vis-à-vis other EU institutions, and; (4) it aims to safeguard support for European integration (Meunier 2007: 908). The EU’s position in international trade negotiations can thus be determined partly by the preferences of the Commission. This has led to contrasting perceptions of the EU’s negotiation positions being referred to as defensive (Woolcock 2012: 47), protectionist (Messerlin 2001), an “incidental fortress” (Young 2004), mercantilist (Wolf 1995: 334; Rollo 2006; Raza 2007: 73), liberal (Hanson 1998; Dür and Zimmermann 2007: 778 Dür and Elsig 2011: 326) and “nominally liberal” (Winters 2001: 25).

There is a consensus among scholars however, that the Commission’s preferences towards trade have increasingly become more liberal since the mid-1980s (Woolcock 2012: 47-51; Young 2012: 428) and is supposedly more liberal than the majority of its member states (Aggarwal and Fogarty 2004: 226; Meunier 2000: 112). Although generally, the Commission is thus perceived to embrace a liberal stance on trade issues (Da Conceicao-Heldt 2011a: 408), Woll (2009: 268) finds that the Commission does not necessarily have the tendency to be liberal but seeks to advance pan-European solutions in order to avoid disagreement among member states that would risk stalling trade negotiations. Also, it is argued that although the Commission has progressively embraced a liberal position towards some trade issues, with regard to other trade issues it can be characterised as a protectionist

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25 Certain studies attribute pro-integrationist and liberal trade preferences to the Commission while Member States are usually painted as mainly concerned with preserving national sovereignty (Aggarwal and Fogarty 2004: 226-227; Meunier and Nicolaïdis 1999).
actor (Elgström 2007: 959). These variations in positions of the Commission can be due to internal differences within the Commission itself (Young 2012: 428; Pollack 2003: 36). Several authors have highlighted the different preferences of the various DGs, with some DGs being more liberal or protectionist regarding the various trade issues concerned (Aggarwal and Fogarty 2004: 11, 226-227; Dür 2007: 841; Faust 2004: 53; Frenhoff-Larsen 2007: 857-881; Meunier 2007: 908; Van den Hoven 2004; Young 2007: 799-800). For example, DG TRADE has a liberal stance on trade issues, whereas DG AGRI and DG ENV, respectively concerned with agriculture and environmental protection, both have a more cautious approach towards trade liberalisation (Bretherton and Vogler 2006: 64; Woolcock 2010: 388-389; Young 2012: 428).

Several studies however argue that the ability of the Commission to exercise its authority over trade policy is limited by the political and institutional relationships within which it operates (Aggarwal and Fogarty 2004: 226; Woolcock 2007: 221-240; Meunier and Nicolaïdis 1999: 478-482). This implies that the Commission’s discretion in EU trade policy making is tightly constrained and kept on a short leash as it cannot afford to ignore member states’ trade positions during the negotiations and risk losing their support. It also has a great interest in ensuring that its position is supported by the Council in order to remain a credible partner in international trade negotiations (Van den Hoven 2004: 271; Da Conceição 2010: 1116). Damro finds that the Commission might be better conceived as more of a “spokesperson with privileges [than an] agent of slack” (2007: 900). Evenett argues that member states defend their trade positions when they believe that the Commission is not handling in their interests, stating that “there have been outright public disagreements between the EU Member States and the European Commission over trade policy priorities and measures” (2007b: 8).

2.2 The Council
Given the importance of member states in EU trade policy formulation, and in contrast to the literature highlighting the prominence of the Commission, there are studies which illustrate that “member states matter” (Bulmer and Lequesne 2013: 2). Elgström and Strömvik (2005: 124) highlight that although various actors are involved in trade policy making and authority is dispersed, member states are the most significant actors. These studies therefore focus on member state dominance in EU trade policy making and stress the particular importance of the Council as the EU’s principal decision making body. Hayes-Renshaw and Wallace (2006: 1-30) refer to the Council as a complex body as it acts both as an executive (together with the
Commission) and as a legislature (together with the Parliament). It is a forum for both negotiation and decision and incorporates characteristics that are simultaneously national and European, hence also intergovernmental and supranational, and is organised according to multi- and sectoral issues. The Council is thus designed to represent national interests “but to also subject them to a collective legitimation process that can determine what counts as an acceptable interest in the EU context” (Lewis 2012: 321). It is composed of trade ministers of each of the EU member governments and these ministers set the parameters within which the Commission must operate. Although the Commission is in the driver’s seat with regard to negotiating, the principal-agent theory nevertheless has privileged the role of the member states as “collective principals” in EU trade policy making (Elsig 2007: 931). The collective principals are represented in several institutions, including the Trade Policy Committee (TPC), the Foreign Affairs Council (FAC) and the Committee of Permanent Representatives (COREPER). Reiter (2005: 154) argues that it is not the Commission but that the “member states are still very much in the driving seat, and they care about the steering”. Meunier states that although

“the Commission negotiates on behalf of the Member States, (…) they retain full political control through the granting of a mandate to begin negotiations and an agreement to approve the results” (2005: 34).

Woolcock (2012: 73) finds that this “supervised delegation” results in the Commission not enjoying much autonomy in trade negotiations mainly because, and in line with Meunier, before entering into negotiations the Commission can obtain a mandate only “in consultation with the member states” (Woolcock2010a: 388) through the TPC. This committee, chaired by the (rotating) Council Presidency, is made up of senior national trade officials representing the national interests of their respective member states. It provides the Commission assistance during negotiations and

“acts both as a ‘sounding board’ for the initiatives of the European Commission and as a ‘watchdog’ for the Member States to monitor the Commission” (Gstöhl and Hanf 2014: 737; see also Schaffer 2003: 79).

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26 Legally the Council is a single entity, but in practice it is working in different “configurations”. There are currently ten different policy areas on which Council meetings take place. http://www.consilium.europa.eu/en/council-eu/configurations/ (Accessed March 7, 2016).

27 Original emphasis.

28 Since 1 December 2009 TPC, formerly Article 133 Committee and 113 Committee, referring to the relevant articles under the Treaty of Nice and Treaty of Amsterdam respectively.

29 Formally the General Affairs & External Relations Council (GAERC). Created by the 2009 Lisbon Treaty, it was split into the General Affairs Council (GAC) and Foreign Affairs Council (FAC).
Also, during trade negotiations, dialogue on trade issues takes place in the TPC between the member states and between the Commission and the member states (Woolcock 2012: 54). Here, the Commission negotiators frequently inform the TPC on progress and complications during negotiations and receive feedback from member states’ trade preferences. This coordination between the Commission and the Council endorses a regular revision and modification of the EU trade positions. The role of the Council Presidency in trade policy making is limited but as chair of the TPC it determines the agenda for meetings and can launch initiatives in the Council. The TPC aggregates the member states’ preferences and resolves any disputes among them before trade issues are put on the FACs agenda for approval. Serving as “the key interface between the Commission negotiator and the member states representatives” (Woolcock 2012: 55) the TPC keeps tight control over the Commission and before it can enter into trade negotiations, the negotiation mandate needs to be formally approved by the FAC.

Representing the national trade preferences the Council is, in contrast to the Commission, more prone to protectionist tendencies (Meunier 2005: 9). These distinct preferences between the Commission and the Council exist

“because the Commission is more interested first and foremost in concluding a trade deal than with its specific content, [whereas] Member States are more concerned with the effects of a proposal on a specific sector” (Da Conceicao 2010: 1122).

Member states delegate trade authority to the Commission for it to act on the belief that it will provide policy outcomes that serve its trade preferences and have accordingly devised control mechanisms to monitor the Commission at different stages of trade policy making. Also, the Council can control the Commission as it appoints the Trade Commissioner. Other control instruments used for limiting the Commission’s discretion (Damro 2007: 898) are; (1) member states set the objectives in international trade negotiations as they define the negotiating mandate of the Commission; (2) through the TCP, which contributes to and oversees the negotiations, they are involved in monitoring decisions concerning negotiating strategies, as well as; (3) ratifying trade agreements if they are satisfied with the Commission’s negotiation results, or non-ratifying trade agreements if they consider that the Commission’s actions have exceeded the limits of the mandate (Woolcock 2010a: 389).

Although the member states are viewed as the collective principals the Council is, equal to the Commission not a unitary actor (Dür and Zimmermann 2007: 774) and as such the member
states are prone to have “conflicting national preferences” (Ahnlid 2005: 133). This variation in member state preferences affects the principal-agent relationship with the Commission as “the extent of agreement among principals is expected to have an impact on the way agents behave” (Da Conceição-Heldt 2011a: 405). Some scholars argue that variation in preferences in the Council leads to greater autonomy for the Commission (Elsig 2007: 931-932; Da Conceição-Heldt 2011a). Different preferences within the principal makes it possible for the Commission to shape the aggregate interest of the member states, as it has more information about all the preferences combined than each of the principals separately, thus increasing the autonomy of the Commission (Nicolaïdis 1999: 91). Others argue instead that when the Council is divided, the autonomy of the Commission is reduced (Baldwin 2006: 928-929; Paemen and Bensch 1995). The different national preferences are seen to water down the Commission proposals to the lowest common denominator, thus making the Commission weak (Elgström and Strömvik 2005: 117). Meunier argues that the Commission’s autonomy in international trade negotiations is limited.

“By reframing and repackaging Member State interests into a coherent doctrine, the Commission can reshape Member State preferences slightly, tweaking them at the margin. Because the EU has a single voice in trade, such tweaking can be amplified when the Commission defends the common position at the international level. But the Commission cannot seize this limited autonomy if what it proposes is too far off from the preferences of the major Member States. (...). If the preferences of the Commission were to determine the EU position in international trade negotiations in an obvious way, it could incite a potential backlash by the Member States, which might try to tighten the reins of their negotiators” (Meunier 2007: 922).

Although member states do have different approaches to international trade negotiations, they must however find a compromise in deriving a common negotiation directive in the Council. For this reason, member states work together to find a compromise in the TPC where coordination meetings are held. Another method for finding consensus is the ratification of trade agreements negotiated by the Commission. In multilateral negotiations, in cases of exclusive competence, member states ratify by qualified majority voting (QMV). For trade issues that remain in mixed or national competence, unanimity is required. This unanimity rule also applies in bilateral negotiations (Woolcock 2005b: 386). Whichever voting procedure applies, in practice however, the Council tends to work by consensus and adopts trade agreements by unanimity (Meunier: 2000: 108; Young: 2011: 720). Member states are

30 Although the Council’s voting procedure has been amended several times by subsequent treaties and most issues are now subsequently no longer dealt with by unanimity but by QMV, in practice the unanimity is still applied. Before the ToL international trade agreements were adopted formally by QMV in areas of exclusive
not likely to oppose others’ trade positions but can however block a trade agreement when this is strongly counteracting to their interests (Dür 2008a: 31; Young 2012: 427). This means that the most protectionist member states have a veto over a whole trade agreement. In order to overcome opposition from these protectionist member states, the trade agreement either realises sufficient gains in other areas to offset the losses in the protectionist areas, or other member states must have such high benefits in trade negotiations that they will put sufficient pressure on the reluctant member states to agree to the agreement. This was the case with the EU-Korea FTA, where Italy originally vetoed the agreement but faced isolation and was urged by other member states to agree to the FTA (Deutsche Presse Agentur 2010). According to Woolcock (2010: 8) “the established rules of the game in trade policy have been that the Council works until an agreement is reached that all can accept”.

2.3 The Parliament
Before the Treaty of Lisbon entered into force the Parliament, a directly elected institution, did not play a very significant role in EU trade policy making and originally never had a great say in the EU’s international trade negotiation objectives. Over the years preceding the Treaty of Lisbon however, it did gradually encounter “institutional evolution from mere political “talking shop” to a more active legislature with veto and amendment powers” (Reichert und Jungblut 2007: 403). Post-Lisbon, the Parliament’s position has increased which was welcomed by the Commission “as the most fundamental and important change arising from the Lisbon Treaty in the field of trade policy” (De Gucht 2010: 3). First of all, the Commission is now under a legal obligation to “report regularly (...) to the Parliament on the progress of negotiations” (Art. 207(3) TFEU) and must ensure that “the European Parliament shall be immediately and fully informed at all stages of the procedure” (218(10) TFEU). The Commission thus tries to keep the International Trade Committee (INTA) of the Parliament informed. Although the Parliament has always granted its assent for international trade agreements this has “been a theoretical scenario” (Kleimann 2011: 7) as it only occurred after competence and by unanimity in areas of mixed and national competence. Unanimity was in fact applied more often than strictly required, especially when the interests of particular member states were “severely at stake” (Bretherton and Vogler 1999: 50). Any trade agreements that included areas subject to mixed competence or were not included in the CCP had to be ratified by all member states in addition to being ratified by the Council.

31 Italy vetoed the agreement as it was worried about negative effects on its domestic car industry. It asked for a one-year delay of implementation of the agreement. Great Britain and Germany pressured Italy to accept the deal. See also Siles-Brügge 2014: 118 and BIS 2010a.

32 The enhanced powers of the Parliament have brought about “fundamental shifts in the inter-institutional balance of power” (Bouwen 2009: 33) between the Commission, the Council and the Parliament. (See Kleimann 2011; Pollet-Fort 2010 and Woolcock 2010).

33 Until 2004, this was known as the External Economic Relations Committee.
all other parties involved, member states in the Council and EU negotiation partners, had agreed and signed an agreement. Article 218(1-6) TFEU sets out the criteria in which the consent of the Parliament, by a simple majority of Members of the European Parliament (MEPs), is required before the Council can adopt a decision concluding a trade agreement. Since the Treaty of Lisbon, prior consent of the Parliament is required before the adoption of trade agreements, whether of preferential or multilateral nature (Woolcock 2014: 38).

Also pre-Lisbon, EU trade legislation was adopted by the Council (principally the then General Affairs and External Relations Council - GAERC) with hardly any involvement of the Parliament. The consultation procedure applied meant that the Parliament was merely consulted, but its opinion could be ignored by the Council, or was not asked for in the first place. The current procedure, the ordinary legislative procedure (OLP), the new term for co-decision making, states according to Article 207(2) TFEU that the Parliament and the Council “acting by means of regulations in accordance with the ordinary legislative procedure shall adopt the measures defining the framework for implementing the common commercial policy”.  

This means that the Parliament now shares powers with the Council and that it can amend Commission proposals and it can adopt regulations, together with the Council (Art. 294 TFEU). While the Treaty of Lisbon does not grant the Parliament any formal powers in the drafting of negotiating mandates, Parliament can shape the mandates by adopting a resolution before trade negotiations begin. According to Richardson (2012: 9), such non-binding parliamentary resolutions can be viewed “as strategic ultimatums, setting the ‘conditions’ of parliamentary consent to a particular FTA”. At the beginning of the EU-Korea FTA trade negotiations, the Parliament issued a resolution calling for a trade agreement including a sustainable development chapter with social and environmental provisions and including a safeguard mechanism for the protection of the European automobile industry, thus making its conditions for consent clear (European Parliament 2007a). Thus, although the Parliament has no formal powers, its informal role in the stage of defining the negotiation directives is significant in order to avoid an eventual rejection of trade agreements (Meissner 2016b: 280).

The Parliament now also plays an important role in the implementation of FTAs through the OLP. While the Commission, in the OLP, still is the sole institution to draft the initial

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34 The ordinary legislative procedure is a complex three-reading procedure, but the Parliament and the Council agree on most legislation before the third stage is reached. See Lehmann (2009: 44) for a summary of the individual steps to be followed in the OLP.
legislative proposal, the Council and the Parliament act as equals when approving a legislative text without the Commission’s involvement, which makes its formal agenda-setting power closely circumscribed (Schmidt and Wonka 2012: 342). The role of Parliament is however different when, pending ratification, the EU declares provisional application and signature of a trade agreement. Provisional application of a trade agreement responds to the need to act quickly in certain situations. On proposal from the Commission, Council decisions to authorise provisional application can be taken without Parliaments’ consent. The Treaty of Lisbon thus stipulates that the Parliament is only called to vote on a trade agreement after it has already been provisionally applied. However, when trade agreements significantly define the EU’s relationship with a third partner for a long time, then the Parliament is to give its consent before provisional application (De Gucht 2010: 4). In the EU-Korea FTA, the Parliament delayed provisional application of the agreement and managed to get a stronger safeguard clause for the European automobile industry than was proposed by the Commission (Van den Putte et al. 2105: 69). The EU-Korea FTA was the first trade agreement submitted to Parliament in the Lisbon era that required both implementing legislation through the OLP as well as parliamentary consent. Its negotiation mandate dates back to April 2007 and negotiations started in May of the same year. However, negotiations were only finalised in early 2010, i.e. late enough for the adoption of the agreement and necessary implementing legislation to fall under the Lisbon rules. Most of the EU-Korea FTA was covered by EU competence with the exception of the protocol on cultural cooperation, the criminal enforcement provisions of the IPR chapter and the transport area in trade in services. These issues triggered the need for the EU-Korea FTA to be a ‘mixed agreement’ to which it had to be ratified by the European Parliament but also by each national Parliament of the (then 27) respective member states.

2.4 Societal Actors
Further actors important in shaping EU trade policy making are societal actors such as interest groups and NGOs. Literature has largely dealt with the question on the degree to which the former of these two actors can shape EU trade policy by lobbying the Commission and Parliament directly or the member state governments indirectly through the Council (Dür 2008: 31; Dür and Zimmermann 2007: 777). This question revolves mainly around those studies defending the ‘collusive delegation’ argument (Nicolaïdis and Meunier 2002: 175; 35

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35 This is especially important in the OLP’s third stage ‘conciliation committee’ which takes place between the Council and the Parliament.
Woolcock 2005b: 383) and those studies emphasising interest group influence (Dür 2008a: 28; Siles-Brügge 2014: 7). The ‘collusive delegation’ argument underlines motives for trade authority delegation from the member states to the Commission. These motives include first of all, that it was required to allow for a “unified management of external trade given the decision to create a customs union” (Dür and Elsig 2011: 330), and secondly, a centralised actor would have more influence in international trade negotiations (Woolcock 2007a: 235). The ‘collusive delegation’ argument holds that EU member states delegated decision making authority as this would insulate governments from protectionist interests’ lobbying (Meunier 2005: 8). This argument is the theoretical starting point of most contributions studying EU trade policy as an important assumption of this argument is that the domestic trade policy making process is dominated by protectionist trade interests (Dür 2007: 771). Meunier and Nicolaidis (1999: 480) accordingly claim that “such delegation helped insulate the policy making process from domestic pressures, thus promoting a more liberal international order”.

Although Woolcock (2012: 3) particularly states that EU trade preferences “like those of individual countries are significantly shaped by sector and other interests”, the actors involved and the institutional design of delegation and control has seemingly resulted into an ‘institutional insulation’ (Siles-Brügge 2011: 628) of the CCP from sectoral interests. This has led to contradictory conclusions in EU trade policy literature with some scholars, on the one hand, treating the EU as an “idea of European exceptionalism” (Polleti and De Bièvre 2013: 105; Siles-Brügge 2014: 8) stressing that the Commission and Council are rather autonomous from societal pressures (Hocking and McGuire 2002; Young 2002; Woll 2007; Zimmermann 2007). On the other hand, there are studies underscoring the dominance of interest groups in shaping EU trade policy (Aggarwal and Fogarty 2004: 226; De Bièvre and Dür 2005; Dür 2008a, 2010; Gerlach 2006; Van den Hoven 2002; Siles-Brügge 2014).

The interests of these societal actors with material interests are most clearly elaborated in EU trade policy literature, mainly because the EU trade policy making process has traditionally favoured these interests (Bossuyt 2009: 720; Jarman 2008: 27; Young 2016: 9). Such actors’ preferences provide the “foundation” of trade preferences (Lake 2006: 762). Dür and the Bièvre (2008) find that these actors are the most influential type of non-state actors in the EU. Trade policy generates distributional consequences, i.e. concentrated costs and benefits for actors such as export-oriented and import-competing firms. Whereas the former have an

36 For a critique of this literature see Dür 2008.
interest in greater access to foreign markets, the latter such as agricultural interests, prefer protection from foreign goods or services (Frieden and Rogowski 1996). In traditional trade politics, trade preferences of individuals are also prone to reflect workers’ interests who are represented by trade unions (Mansfield and Mutz 2009: 427). According to Bieler et al. (2014: 5) trade unions “have been created as a weapon on the side of wage earners” and mobilise in order to defend and enhance the status, wages and conditions of workers. Trade unions are societal actors advocating against trade liberalisation if this has a negative impact on workers’ well-being. Aggarwal and Fogarty (2004: 9) and also Bieler et al. (2014: 6-7) however claim that, depending on whether trade unions represent the interests of competitive sectors or uncompetitive sectors, regarding the former these actors are prone to support trade liberalisation when agreements entail safeguards and worker-rights clauses protecting European workers. With regard to the 2006 Global Europe trade strategy, emphasising competitiveness and open markets, Hilary (2014: 48) for example has shown that European trade unions generally had a “critical support” preference towards trade liberalisation as only a small number of national trade unions had “spoken out in opposition to the EU’s new generation of free trade agreements and many have actively supported them, preferring at best to lobby for the inclusion of social conditionalities within the agreements as a means of mitigating their most damaging effects”.

This reveals on the one hand, that national trade unions express concerns with some of the negative effects of trade liberalisation on workers’ rights, whilst favouring on the other hand, the prospected economic benefits of trade liberalisation. Trade unions thus have to regard their members’ short-term material interests and fundamental long-term values (Bieler et al. 2014: 7). While not opposing or rejecting trade liberalisation but nevertheless voicing criticism, national trade unions increasingly collaborate in joint statements and mobilisations with governments and NGOs to defend fundamental societal values, in particular traditional worker-specific issues from trade liberalisation (Hilary 2014: 53; Zajak 2014: 136). These types of societal actors, export-oriented and import-competing firms as well as trade unions, thus have clear incentives to engage in lobbying activities. These societal actors are membership-based interest groups which usually have excellent access to decision-makers. This is mainly because they obtain politically useful resources37 which can be exchanged for access to decision-makers and for favourable policy decisions, both at the national and EU

37 Dür and Mateo (2012: 972-973) distinguish between various types of resources which can be applied by economic interest groups in exchange for access and influence from decision-makers: (1) knowledge, expertise and information about policy developments and market conditions; (2) financial means to organise lobbying activities, and; (3) legitimacy and representatives.
level. Also, these actors may enjoy a privileged position in the decision making process due to their sectoral relevance and the contribution of the overall gross domestic product (GDP) towards the economy of a country.

Since the changed nature of international trade broadened the agenda to issues concerning domestic regulation, new trade actors are motivated to mobilise and defend their interests (Young and Peterson 2006: 800-802). In particular, not only business but also NGOs started to voice concerns what trade policy should be about. These concerns include that it should be conducted to achieve fundamental issues such as improved environment protection and respecting CLS. Some authors find evidence of the influence of these new constituencies by pointing to the changing modes of trade consultation between the Commission and interest groups. The established ‘Civil Society Dialogue’ (CSD) by then Trade Commissioner Pascal Lamy is viewed as an example of the empowerment of NGOs in the trade policy making process. Hocking (2004a, 2004b) argues that there has been an evolution of trade consultative processes within the EU from a ‘club model’ to a ‘multi-stakeholder model’. Such a process is seen as having at its core a consensus building rationale by way of a broadening of participation in the policy making process. Young finds evidence of the importance of these new actors, suggesting that in the DDR, NGOs were crucial in raising the profile of development as an issue (Young 2007: 805). Young accordingly states that

“politicians in the EU may be inclined to engage in social trade policy because public concerns about the environment and consumer safety have become more politically salient as class cleavages gave eroded and as such post-material concerns have more bearing on party competition in Western Europe” (2007: 797).

When the liberalisation of trade started to concern non-traditional trade issue this led to the mobilisation of new actors, in particular NGOs voicing concerns that trade policy was to be conducted to achieve policy objectives such as protecting the environment (Young and Peterson 2006: 806). Aggarwal and Fogarty (2004: 9) find that these actors are in favour of trade protection when the liberalisation of trade affects the erosion of regulations. Trade agreements are however generally supported by NGOs when EU or national safeguards are retained and promoted by trade partners. The interests of these societal actors are, in comparison to the vast amount of literature on interest groups, however not only less elaborated but also contested. Young and Peterson (2006), Dür and De Bièvre (2007) and De Bièvre (2014) find that NGOs hardly have influence on shaping trade policy. In contrast to material interests, these actors have different incentives such as consumer and environmental
Due to the fact that NGOs receive diffuse benefits from trade policy they are, in contrast to economic interest groups not composed of a well-defined constituency, but are supported by a large number of individuals and therefore have difficulties to overcome collective action problems. This often leaves them faced with not obtaining the necessary resources such as expertise and information (Dür and Mateo 2012: 972).
members or supporters (Dür and Mateo 2014: 1199). Decision makers can equally be responsive to NGO lobbying on both the EU and national level because the Commission, Council, Parliament and national governments are all concerned about a loss of legitimacy (Hocking 2004a: 265) and all, but the Commission, are faced with wanting to retain office. Also, depending on the trade issues at stake, these actors’ lobbying activities can be more superior to those of economic actors (Dür and Mateo 2014: 1207). When the trade issues concerned involve traditional tariff liberalisation, NGOs are not likely to get engaged, but when trade issues at stake concern domestic regulations NGOs are more likely to get involved in trade policy (Hocking 2004a: 264; Young 2016: 20). This is mainly because the trade issues here touch upon various aspects of domestic politics. This difference in mobilisation is mainly because interest groups usually have

“firms as members and thus do not need to focus on issues that are highly publicly salient to attract members or supporters. Rather, (…) firms that sell consumer goods and services, may be reluctant to see their names associated with highly unpopular campaigns for fears of losing customers” (Dür and Mateo 2014: 1207).

These actors would rather lobby when trade issues have a direct impact on a specific sector and concern concentrated costs and benefits. Because of the EU being a multilevel system and in order to be well represented and to be able to shape EU trade policy making, interest groups need to be present at both the European and national level (Eising and Lehringer 2010: 186; Strange 2015: 888), although this dual presence only accounts for a minority of national associations (Eising 2009). According to Dür (2012: 179) interest groups are supposed to have good direct access to decision makers such as the Commission, Parliament and national governments. Most studies however have thereby focused primarily on “a sub-species of the interest group population in the EU” (Eising 2009: 18), which are EU-level business associations. NGOs also have gained access to national and EU level decision-makers, due to inclusion of these societal actors in the trade policy making process in so-called national consultative fora which provide interest groups, trade unions, NGOs and industry associations, an opportunity to voice their concerns regarding trade and related issues at an early stage of the decision making process (Ahnlid 2002; Hocking 2004b). Most member governments have established such fora such as the Reference Group in Sweden, the ‘Beach Club’ process in Denmark and the Trade Policy Consultative Forum (TPCF) in the UK. All of these are similar to the ‘Civil Society Dialogue’ (CSD) established by the Commission. The latter is a forum of consultation which includes interested parties involved in EU trade policy who receive information on trade negotiation rounds and where they can present trade
preferences. These participants however seem to be disappointed with the consultative role of this forum and have criticised that not much in-depth dialogue takes place because with the Commission in control it favours a narrow agenda (Jarman 2008: 29). These consultation sessions usually take the form of briefings which has resulted in stakeholders questioning the word ‘dialogue’ (Hocking 2004b: 24). The CSD is therefore mainly used by these actors for networking and representation (Gerlach 2006: 178; Dür and De Bièvre 2007: 86).

3. Conclusion
This chapter has provided an overview of the EU’s trade policy decision making process with a central focus primarily given to the institutional determinants shaping EU trade policy and the role of the various important institutions and actors, their divergent trade positions and their interaction in trying to shape EU trade policy. Due to the exclusive competence of the Commission, EU trade policy is one of the most communitarised EU policies. There is an abundance of literature which examines the Commission and the Council, often viewed as the most central actors in trade policy decision making, and the dynamics of their interaction which shape EU trade positions. This literature is however divided on whether the Commission’s autonomy or the Council’s dominance is more decisive in trade policy making. Since the Treaty of Lisbon, literature now also directs attention to the increased role of the Parliament. This ‘institutional triangle’ has been a central focus of studies applying the conventional approach in EU trade policy literature in which these institutions thus play a prominent role. Other actors however also play roles in EU trade policy making, such as interest groups, trade unions and NGOs. Again, the literature here is also divided on whether these actors have an impact on EU trade positions. According to the ‘collusive delegation’ argument, interest groups are not able to shape trade policy as the delegation of decision making to the Commission would lead to insulation of governments from interests opposed to trade liberalisation. This is however contested by various studies which find that the ‘collusive delegation’ argument does not hinder interest groups to enjoy direct access to EU decision makers. The literature equally does not agree on whether the new trade actors such as NGOs have an impact on trade policy making. With these actors having a different rationale of attempting to shape EU trade positions, they are faced with diffuse costs and benefits, apply different lobbying behaviour than interest groups and are said to not have the resources in order to be able to gain direct access to decision makers. This is however contested by other studies which have pointed to the effectiveness of NGOs in advancing their preferences in EU trade policy making.
Although this study’s focus is on the domestic politics and on the preference formation process within two EU member states, it is nevertheless of importance to have a chapter on the key institutional features of EU trade policy making. This is not only intended in order to identify the basic structures of actors and procedures of EU trade policy making, but this chapter equally highlighted the variations in preferences of the trade actors involved. Having elaborated on the conventional approach to EU trade policy making, this chapter has simultaneously illustrated that existing research on this topic has basically neglected the domestic level of EU trade policy making. Seeing as “all trade policy is ultimately about domestic politics” (House of Lords 2008: 10), it is due time that this level is being put into the spotlight.
CHAPTER 2: LITERATURE REVIEW

1. Introduction
The primary aim of this dissertation is to gain a comprehensive understanding of variation in British and German governmental trade positions. The starting point of this chapter is thus a review of the state of the art on governmental trade positions. In seeking to explain this variation in preferences, the question of the determinants of preferences in trade policy making can be dealt with from various perspectives. Although these perspectives offer illuminating insights “there is no single theory of economic [trade] diplomacy that can provide answers on how states, under given circumstances, will conduct policy” (Bayne and Woolcock 2011: 5). IR literature on these determinants and the role of these in international trade negotiations and trade policy making is particularly rich. Although a detailed literature review regarding EU trade positions is provided by Poletti (2009), European trade policy literature is, both at the theoretical and empirical level, in comparison with the huge and detailed literature focusing on the US, surprisingly underdeveloped (Dür and Zimmermann 2007: 772-773; De Ville 2011:145). This literature review on (EU) trade positions and the three levels of analysis reveal that much has been written on trade preferences in general, and some of this literature can also account for EU trade positions in specific. However, especially with regard to literature on EU member governments’ trade positions there is an extreme gap in research.

This section is divided into three parts and is organised on the basis of the level of analysis distinguished between the institutional, the international/systemic and the domestic level (Milner 1999: 93). This overview simultaneously provides for highlighting the main IR theoretical approaches applied in most of these studies. It is necessary to mention these levels and some of these IR theories as several have been applied in the few existing studies on EU governmental trade positions. The second part of this section will continue with the literature on EU member states’ trade preferences. Here EU trade policy literature views, in line with the realist IR theory, that the state is a unitary actor and its trade preferences are largely assumed. In order to understand what driving forces shape EU member governmental trade positions and why variation in these exist, the third part of this literature review will highlight those few studies which have dealt with EU member governments’ trade positions.
Altogether, this literature review reveals that EU trade policy research has resulted in a marginalisation of the role of domestic politics and of non-state actors in EU member governments’ trade positions. Lastly, this review is not aimed at being fully exhaustive, but is essential in order to move on with the argumentation this dissertation seeks to develop.

2. Institutional Level
A first strand of literature on trade preferences concentrates on the role of political institutions and claims that a country’s institutional framework is an important factor in shaping the process of preference formation. Different political institutions empower different societal actors, thus leading to a variation in outcomes (Milner 1999: 101). This literature strand has dominated studies on EU trade policy and has adopted rational, historical and sociological approaches. Regarding the former, a rational choice institutionalist approach views institutions as “the humanly devised constraints that shape human interaction” (North 1990: 3). This is based on the idea that human beings are self-interested and behave rationally. Institutions are viewed as an intervening variable playing an important role because they have an impact on the ways in which actors behave in order to pursue their preferences. Many works in this strand of literature have theorised and empirically studied the creation of EU institutions and concentrate for example on the role of different EU institutions and their interaction within the institutional setting to show how the transfer of trade policy making authority, from the member states as rational actors, to the EU level enhanced the autonomy of public actors in shaping EU trade policies (Nicolaidis and Meunier 2002; Meunier 2005; Woolcock 2005a). These institutionalist approaches, in particular the principal-agent framework and the ‘collusive delegation’ argument have largely influenced EU trade policy literature (Chapter 2 – Institutional Environment). From this view, institutions play an important role by insulating policy makers from societal demands (Grande 1996; Moravcsik 1993, 1994, 1998; Rogowski 1987).

Other authors in this strand of literature, applying a historical institutional approach, have conceived institutions as unintended constraints on policy makers’ choices which have long-term effects, underlying path-dependency. From this perspective, institutions are not enabling tools for self-interested actors but rather unintended constraints that structure decision makers’ choices along determined paths (Hanson 1998). One example is the Single Market Programme (SMP), launched by the Single European Act (SEA) in the 1980s which introduced a change in institutional set up. The completion of the Single Market meant that
EU member states could no longer “use national policy tools, and EU voting rules make it very difficult to replace national policies with protectionist measures at the EU level” (Hanson 1998: 56). In order to explain trade liberalisation, Hanson reviews both societal and state-centred approaches and comes to the conclusion that trade liberalisation was not instigated by changes in societal preferences nor by changes in policy makers beliefs, but that the change in institutional set up led to the unintended consequence of promoting

“leadership in trade policy by the supranational (and more liberal) Commission vis-à-vis the intergovernmental (and more protectionist) Council of Ministers” (Siles-Brügge 2014: 9).

More recently, Elsig (2010: 793) has pointed to the institutional setting of preference aggregation and the Commission’s increase of informal and unintended concentration of powers by referring to the increasing diversity of member states interests due to enlargement. The growth in number of actors and the increase in diversity of interests have not constrained the role of the Commission (Elsig 2010: 781). In this case, in terms of causal mechanisms, the emphasis is on the role of institutions as an independent variable detached from both public actors’ preferences and societal demands. According to this view, institutions influence and constrain the actors who have established them, forcing them to adjust to the obstacles in their path (Pierson 1996).

Apart from these studies, there are works applying a sociological institutional approach, which stress the role of the institutional setting of the EU and the impact this has on shaping the preferences of societal actors (Eising and Jabko 2001: 746). Sociological institutionalism tends to reject the assumption of rationality and claims that actors’ preferences are constructed as a product of interaction between actors. The relationship between institutions and behaviour is as follows

“institutions influence behavior not simply by specifying what one should do but also by specifying what one can imagine oneself doing in a given context” (Hall and Taylor 1996: 948).

Van den Hoven (2004), for instance, demonstrates how the Commission uses a ‘development discourse’ to create external and internal support for the EU’s position in the context of the Doha Development Round. Meunier (2007: 922) makes a similar argument by stating that the adoption of the doctrine of ‘managed globalisation’ by the Commission impacted on the EU position in the Doha Round because
“it had been conceptualized as the best consensual package of Member State interests and as the best response to the Commission’s dilemmas about the future”.

Institutions, therefore, can influence trade policy outcomes by reflecting a bias that is crucial in defining what can be considered as a legitimate claim (Goldstein and Keohane 1993). Other authors have investigated that institutions play a role in giving a number of interest groups special access (Milner 1999: 101) and argue that the complex multilevel institutional structure allows the Commission to play a relative autonomous role in shaping EU trade preferences by creating incentives for societal actors to adopt rather than shape the position of EU level policy makers (Van Den Hoven 2002, Schaffer 2003: 70; Woll and Artigas 2007: 129-231). The Commission for example has been proactive in soliciting interests groups and searching for input from groups of all shades (Gerlach 2006: 178). This provides interest groups with an ‘opportunity structure’ in which they can pursue their policy preferences together with other groups supportive of their case (Eising and Lehringer 2010: 190). In the case study on the EU-Korea FTA for example, Elsig (2012) has shown that the Commission does not wait to be lobbied by societal interest groups but plays an active role in creating focal points where it aims to garner support from societal groups with similar positions to its own. This is known as ‘reverse lobbying’ (Woll 2008: 53) where the Commission “constantly has to contact firms to contact it” (Woll and Artigas 2007: 129). It has increasingly made a concerted effort to integrate businesses and other private actors into the trade policy making process in order to gain bargaining leverage not simply vis-à-vis trade partners, but also over its own member states (Eising 2009: 106; Elsig 2007: 941; Van den Hoven 2002; Woll 2008: 142).

3. International Level

A second strand of literature on trade preferences takes the international or systemic level of analysis into consideration. This level of analysis has equally put forward a variety of theoretical arguments. Of significance here is that most studies investigate the relationship between power and trade and apply a state-centred approach (Oatley 2006: 95) with the state as its primary unit of analysis, the so-called ‘black box’, which is conceived as a unitary rational actor. This literature encompasses diverging explanations as to what determines state behaviour and its subsequent trade preferences. Scholars, however, disagree on the constraints and opportunities stemming from the international system. Neorealists, or structural realists, stress the anarchic structure of the international system (Waltz 1979) and investigate the
relationship between power and trade from a realist perspective. Trade policy falls in the category of ‘low politics’ (Cremona and Takács 2014) and is thus secondary to other ‘high politics’ considerations, such as military power and security which are used as tools to enforce power maximisation or in relations to other states. From this viewpoint, the so-called hegemonic stability theory (HST), for instance, has suggested that trade liberalisation would be more likely when the international trading system is dominated by a hegemon, thus implying that trade policy outcomes can be predicted by looking at the international distribution of power (Krasner 1976; Gilpin 1987; Lake 1988). Other authors have suggested that international security alliances should be taken into consideration in order to understand international trade patterns, as allies trade more with each other (Gowa 1994; Gowa and Mansfield 1994) and “security externalities of trade drive their behavior, inducing them to help their allies while punishing their enemies (Milner 1999: 106).

Several authors have analysed EU trade policy through the lens of the realist tradition by emphasising the EU’s geopolitical (Aggarwal and Fogarty 2004; Antkiewicz and Momani 2007; Messerlin 2001) or mercantilist preferences (Evenett 2007a; Zimmermann 2007; Grugel 2004). In their study on EU interregional trade negotiations, Aggarwal and Fogarty for instance test a realist hypothesis (2004: 12), to investigate the EU’s adoption of an interregional approach and its motivation to counteract trade strategies of the US and Asian trade partners. They conclude that “there is clear evidence that the EU is motivated by structural power concerns, as it in many cases pursues arrangements in response to U.S. initiatives” (2004: 228). Geopolitical trade preferences also played a role in enhancing political stability such as in the cases of the Central and Eastern European countries (CEECs) and the western Balkans and Mediterranean partners (Sapir 1998: 726-727). Zimmermann (2007: 814) conceptualises the EU as a ‘realist power’ in its negotiations with China and Russia in the framework of their accession to the WTO and shows that the EU, in particular the Commission “shaped by the perception of positional competition” (2007: 817), was motivated by mercantilist interests to maximise EU prosperity relative to other powers. With realists emphasising states as unitary actors, investigations dealing with EU trade policy making therefore often simply relate EU preferences with those of the largest member states.

Another relevant branch of this literature on the international level of analysis applies a neoliberal institutionalist approach which equally adopts the ‘black box’ assumption and neorealism’s assumption of anarchy. It concentrates on the presence and influence of
international institutions as trade policy cooperation takes place in these. Emphasis is on the intervening role of institutions in shaping the proliferation of FTAs (Mansfield and Reinhardt 2008). Neoliberal institutionalists argue that states are motivated in maximising their own welfare in absolute terms, in contrast to neorealists’ relative gains (Grieco 1988), by creating international institutions (such as GATT/WTO). International institutions are thus necessary conditions for durable international cooperation (in contrast to neorealism which excludes the possibility of long-term cooperation between states). This includes lowering the transaction costs of trade cooperation and through the creation of rules applying to all members then trust between these members can be created. Other circumstances, such as uncertainty and a large numbers of members “may make cooperation not only difficult to achieve but also difficult to enforce” (Koremenos et al. 2001: 781- 782).

According to Elsig (2007: 930) rules of the WTO to control the spread of regionalism seems not to stop trade actors from using competing venues such as bilateral and interregional trade agreements. With regard to the EU, its shift in trade policy in 2006, as announced in the Global Europe communication, was introduced because of dissatisfaction and concerns of the slow progress of the DDR (Woolcock 2007: 5). Also, the emergence of Asian economies and concerns over key trade competitors’, in particular the US, stepping up their efforts in seeking bilateral trade agreements (Van Loon 2013) played a significant role in the EU rethinking its trade strategy (Evenett 2007b). In neorealist terms, this thus can be viewed as driven by the necessity not to be left out, or bandwagoning. Several studies have investigated what explains this shift “leading the EU to actively embrace preferential market opening as the most significant instrument in its offensive trade arsenal” (Siles-Brügge 2014: 2). Elsig (2007), in one article for instance, applies a principal-agent framework to demonstrate the Commission’s key role in determining the EU’s choice of venues. In another article, Elsig (2012) highlights that the Commission’s choice of Korea as an FTA partner was largely a reaction to ensure a ‘level playing field’ in response to the US-Korea FTA.

Different from the above mentioned perspectives are those studies which have applied constructivist approaches where the EU is viewed as a unitary actor and is usually referred to as a ‘civilian power’ or ‘normative power’. Constructivism assumes that actors follow a ‘logic of appropriateness’ and a concept of homo sociologicus which distinguishes between appropriate and inappropriate behaviour (Boekle et al. 2001: 105). Boekle et al. rather refer to social norms and define them as “shared, value-based expectations of appropriate behaviour”
(2001: 106). These norms precede material interests and thus legitimise goals and define actors’ interests (Boekle et al. 2001: 107) “which are shared within society” (Boekle et al. 2001: 121). According to Manners (2002), the EU can be considered as a Normative Power Europe (NPE) and promotes five ‘core’ norms (peace, liberty, democracy, rule of law and human rights) and four ‘minor’ norms (social solidarity, anti-discrimination, sustainable development and good governance). These international norms enable “the EU to present and legitimate itself as being more than the sum of its parts” (Manners 2002: 244). According to Van Den Putte et al (2013: 36) trade is the EU’s most important instrument to promote social norms. Research has examined this normative dimension that gives priority to value-based objectives over material interests of EU trade policy (Aggarwal and Fogarty 2004; Manners 2002; Kerremans and Orbie 2009; Bossuyt 2009; Orbie and Tortell 2009; Orbie et al. 2009).

Then Trade Commissioner Lamy (cited in Orbie 2009: 54) expressed the priority of including societal values in the EU trade policy agenda:

“It is no longer only economic interests that are in question, but also values, the concept of society, of what is desirable and of what is risky. Health, environment, the quality of life, culture are henceforth stakes that must be reconciled with open and competitive markets. Regarding development, human rights, social and environmental standards, the European Union brings with it values that have the aim of becoming universal”.

In this view, the EU pursues a social dimension to trade policy which stems from the norms or values promoted within the EU itself and are seen as universal. International trade

“is not simply an objective, material exchange, but also involves the affective understandings of individuals and societies of the meanings of economic activity through their interpretation of available symbols” (Aggarwal and Fogarty 2004: 15).

By defining its internal and external identity through trade relations with non-European partners, and its usage of trade to achieve non-trade objectives, such as labour, environment and development, the EU is viewed as both a power in trade as well as a power through trade (Meunier and Nicolaidis 2006) as it aims to spread its so-called ‘European social model’ of regional integration to other parts of the world (Hettne and Söderbaum 2005; Farrell 2007; Szymanski and Smith 2005).

4. Domestic Level

Finally, a last strand of the literature on trade preferences looks at the domestic level of analysis and the preferences of societal actors. In contrast to the levels mentioned above, the

39 Original emphasis.
domestic level draws attention to the content of the ‘black box’ and tries to address the sources of domestic influences. From a rationalist perspective, this so-called pressure politics literature conceives government choices over trade policy as a function of demands made by domestic groups (Destler 1992). In this view, governments’ trade positions are determined by material interests and the influence of interest groups on trade policy (Grossman and Helpman 1994). Societal actors’ trade preferences are shaped by the distributional consequences of trade agreements. As Milner (1997: 60) puts it “the effect of cooperative agreements on societal actors’ income is the major determinant of their support or opposition to such agreements”. Commercial liberalism by Moravcsik (1997: 529) argues that pressure from domestic groups explains why free trade is more likely under the conditions “where strong competitiveness, extensive intra-industry trade, or trade in intermediate goods, large foreign investments, and low asset specificity internalize the net benefits of free trade to powerful actors, thus reducing the influence of net losers from liberalization”.

Commercial liberalism takes relative gains and distributional conflicts into account, however not on an international level between states, but on a domestic or transnational level between individual actors. Trade agreements which are expected to increase the income of societal actors will be preferred by these actors over those that will lose out. With regard to trade liberalisation, Frieden and Rogowski (1996: 26) refer to this as the “exogenous easing of international exchange” and argue that the impact of distributional consequences affect the trade positions and behaviour of interest groups and governments. These dynamics concerning societal actors can have a direct influence on the choices of decision makers. Preferences stemming from societal groups become key determinants because politicians depend on societal groups’ resources for re-election (Dür 2007; De Bièvre and Dür 2005, Milner 1988, 1997; Rogowski 1989; Frieden 1991; Schirm 2009). Political institutions, on the other hand, play no significant role in formulating trade positions as this is largely determined by the trade preferences of societal actors.

From this perspective, the argument is a functionalist one (Moravcsik 1997: 528) since politicians tend to act as office seekers, they have strong incentives to anticipate the reaction of societal groups and avoid policies that will weaken their electoral chances. In short, decision makers have an incentive to avoid the mobilisation of societal actors. Starting from these assumptions, this strand of the literature has developed in different directions concentrating on a variety of research areas such as attempts to model interests groups preferences over specific policy outcomes; protection versus liberalisation; choice over venue
for trade negotiations (Schattschneider 1935; Milner 1988; Rogowski 1989; Frieden 1991; Hiscox 2002; Chase 2003; Davis 2005, 2006; Dur 2007; Elsig 2007), or investigate the conditions under which a group is expected to be more or less influential than others (Olson 1965; Dür and De Bièvre 2007). This has led Mansfield and Milner (1999: 604) to stress the need for more research to find out exactly

“which domestic groups support regional trade agreements, whose interests these agreements serve and why particular groups prefer regional to multilateral trade liberalization”.

When presuming that “ideas matter all the way down” (Siles-Brügge 2014: 31)⁴⁰ research regarding trade preferences can also take an ideational perspective. Instead of using norms and identities, other research finds that social and political reality is constructed by agents through ideas (Blyth 2003). Goldstein and Keohane define ideas “as beliefs held by individuals” (1993: 3) and Siles-Brügge, in his research entitled ‘Constructing European Union Trade Policy’ for example, explains the adoption of the 2006 Global Europe trade agenda as a strategy of EU decision makers, DG Trade in particular. By application of a constructivist approach emphasis here is on “actors’ strategic use of discourse of economic constraint and their internalisation of particular neoliberal discourses as important determinants of policy” (2014: 55). Siles-Brügge finds that Global Europe was not only an attempt by the Commission “to continue exercising leadership in trade policy in the face of a multilateral impasse” (2014: 57) and in contrast, explains the drivers of Global Europe by developing and applying a constructivist IPE approach where he shows that neoliberal ideas and language play an important role in constructing economic narratives that allow decision makers to achieve trade preferences.

The above-mentioned research is thus different from the rational tradition, its ‘logic of consequentialism’, its concept of homo oeconomicus and the assumption that material concerns alone adequately explain trade positions. Ideational liberalism (Moravcsik 1997) for example, illustrates that liberals’ interest is not in the origins or construction of identities and values as a basic determinant of state preferences but views these as determinants

“shared by individuals concerning the proper scope and nature of public goods provision, which in turn specifies the nature of legitimate domestic order by stipulating which social actors belong to the polity and what is owed them” (Moravcsik 1997: 525).

⁴⁰Original emphasis.
Societal actors are therefore important not only because they seek to satisfy their material-driven interests but because they can also become carriers of ideas and values about the appropriate conduct of trade policy. A number of studies on EU trade policy have taken this bottom-up perspective about the role of ideas in shaping trade positions and have come to look at the role of non-state actors in the formulation of EU trade policy (Skogstad 1998; Parsons 2002; Dür and De Bièvre 2007; Young and Peterson 2006; Young 2007; Hocking 2004a; 2004b; Scholte 2004). This literature concentrates on the role of NGOs, both transnational (Scholte 2004) and national (Hocking 2004a). From this perspective, these groups become important to the extent that they can shape, directly and indirectly, the way in which governments and decision makers conceive the purposes and priorities to be assigned to trade policy (Young and Peterson 2006: 806). Societal groups can thus contribute to the spread of ideas, which in turn function as road maps to policy makers (Goldstein and Keohane 1993: 12).

The trade preferences of societal actors, other than interest groups or NGOs have also been the focus of some attention. Some studies assume that ideas articulated as national attitudes of individual voters (O’Rourke and Sinnott 2001: 158) take their trade preferences from their role as consumers, which are to assumed to benefit from trade liberalisation (Grossman and Helpman 1994). On the one hand, public opinion polls are applied which illustrate that voters are in favour of trade protection out of sympathy for workers who lose their jobs due to import competition. On the other hand, these polls are used to show the opposite, that voters can be in favour of trade liberalisation because market access leads to an increase in jobs. Hence, public opinion is likely to shape governmental trade positions (Dür and Mateo 2014; Fordham and McKeown 2003; Kono 2008). The increasing role and impact of public opinion on trade positions has been underlined by Stimson et al. as they found that “there exists about a one-to-one translation of preferences into policy” (1995: 557).

According to O’Rourke and Sinnott (2001: 159) “trade policy preferences are rooted in national attitudes” and as such these attitudes, or ideas, are fundamental to the state as they are action-oriented and shape the positions of the decision makers (Alons 2013: 506). These national attitudes, in the form of collectively shared expectations (Boekle et al. 1999: 5; Finnemore 1996: 22; Katzenstein 1996: 7; Schirm 2013a: 691), shape those trade preferences deemed appropriate and make certain policy preferences more legitimate and acceptable than
others by “generating expectations about (…) how particular actors will behave” (Jepperson et al. 1996: 54). Due to trade preferences being incorporated into countries’ political discourses (Goldstein and Keohane 1993: 20) they are prone to have a durable influence on public attitudes. Accordingly, the impact of some sets of ideas may be transmitted by institutions in which ideas are established. Institutional intervention influences the impact of ideas and results in the importance of these over a long time period (Goldstein and Keohane 1993: 20). Hence, ideas are expressed through voters’ attitudes and in an institutionalised codified form of countries' political system and culture (Schirm 2009: 504).

Studies examining EU trade policy making and voters’ shaping governmental trade positions is very limited. Dür finds that the less voters are informed the more leeway governments have in imposing trade preferences that are in line with material interests (Dür 2008a: 31). This results in “increasing prevalence of special interests over the general public interest” (Petersmann 1991: 167) in shaping trade positions. Dür and De Bièvre (2007: 82) view voters as diffuse interests (as opposed to business groups as concentrated interests) and find that these former societal actors have difficulties in mobilising for political action on trade policy and thus largely do not shape trade positions. Recently, research has started to combine both material interests and ideas and their relationship in shaping EU governmental trade positions. Dür and Mateo (2014) for example show that interests groups can shape public opinion whereas the opposite, public opinion shaping interest groups’ preferences, also seems possible. Governments’ responsiveness mainly depends on whether relevant issues are salient to either interest groups or the public. An example of the latter is the failed Anti-Counterfeiting Trade Agreement (ACTA). Dür and Mateo (2014) show that although most business interests were in favour of this agreement, once public opinion increased the salience of this issue, national governments were responsive to the latter. Societal actors such as NGOs can equally try and shape public opinion, by using issues such as public health safety in order to halt trade agreement negotiations.

“Public opinion, if mobilized by organized groups, thus seems to be a greater obstacle for business lobbying than the EU’s institutional structure” (Dür and Lechner 2015: 73).

5. EU Member States’ Trade Positions
The above mentioned literature on (EU) trade positions and the three levels of analysis reveal that much has been written on trade preferences in general, and some of this literature can also account for EU trade positions in specific. What is missing in this literature however is a
particular focus on trade positions of individual EU member countries and their variation in preferences. It should be noted here though, that EU trade policy making literature does in fact offer information on member countries’ trade positions and equally acknowledges variation in these countries’ preferences in EU trade negotiations (Ahnlid 2005; Baldwin 2006: 931; Bretherton and Vogler 2006: 82-83; Da Conceição-Heldt 2011a: 406; McGuire and Lindeque 2010: 1332; Meunier 2005: 46; Woolcock 2015: 397; Young and Peterson 2014: 31). Various accounts highlight individual member states’ trade positions and trace how these positions, through the institutional design, are translated in a common EU position (Evenett 2006; Evenett 2007b; Frenhoff Larsen 2007; Patterson 1997; Young 2010; Woolcock 2012: 51-61). According to Ramsteck (2011: 17) these preferences “are in no way Europe-wide uniform, but can partially seriously distinguish from one another”. What these studies have in common however is the tendency to take a realist perspective and to view member states as unitary actors, thereby treating these trade positions as given and as predictably stable (Young 2012: 427).

Trade positions are usually divided into two groups; the free-oriented so-called liberal ‘North’ (‘Like-Minded Countries’) and the protectionist ‘South’ (‘Club-Med’) camps (Ahnlid 2005: 134; Woolcock 2010: 391; Woolcock 2012: 50; Young 2013: 123). With regard to member states’ positions, literature has dealt primarily with German, French and Spanish trade positions in the Uruguay Round (Paugam 2005; Weiss 1989), or German, French and British positions in the DDR (Da Conceição-Heldt 2011a; Falke 2005b; Holmes 2005; Young 2010). Other studies have touched upon several member states’ trade preferences, such as those of Germany, France and Spain, while examining EU interregional agreements (Aggarwal and Fogarty 2004; Doctor 2007; Faust 2004: 41-63). The division of preferences into predictable ‘liberal North’ and ‘protectionist South’ characterisations indicates that member states supposedly have specific liberal or protectionist views, which are considered to be rather consistent (Young 2012: 427). According to Falke (2007: 292), Woolcock (2012: 50) and Bollen et al. (2016: 288) for example, Britain, Denmark, the Netherlands, and Sweden tend to adopt fairly liberal positions to trade, whereas France, Italy, Greece and Portugal, on the other hand, tend to be protectionist. Another group of member states are the so-called ‘swing states’ to which Spain and Finland, but also Germany belongs to (Woolcock 2010: 391; Young 2012: 427). These latter member states seem to be the key states to progress in trade talks (Baldwin 2006: 931). In line with these studies, the trade positions of these member states are derived

41 Author’s translation.
from the material interests these states have in relation to the different issues dealt with in trade negotiations. Offensive and defensive material interests represented by demands put forward by interest groups are thus often assumed as for some member states trade liberalisation of the industry sector is a major concern and for other states liberalisation of the services sector is important, whereas some states are primarily interested in liberalisation of agriculture (Da Conceição-Heldt 2011a: 405).

Member states can however diverge from these tendencies or characterisations depending on trade agreements including distinct trade negotiation issues affecting specific sectoral interests (Baldwin 2006: 931; Mildner and Schmucker 2007: 53-54; Young 2012: 427). Baldwin (2006: 931) for example finds that the Netherlands and the UK can be quite protectionist when sensitive products such as flowers or salmon are to be included in a trade agreement, whereas Italy and other countries of the ‘Club-Med’ are not necessarily a protectionist group but can be rather liberal with regard to sectors in which they seek foreign market access. On the one hand, France is protectionist when agriculture is included in trade negotiations, but liberal concerning trade in services, whereas Germany is in favour of trade liberalisation in trade in goods but less in trade in services (Falke 2006: 187; Woolcock 2005b: 390). Similarly, whereas Spain was the main advocate of FTAs with Chile and Mexico (Dür 2007: 841; Garcia 2011: 517), Frennhoff Larsén (2007) showed that Spain took a defensive position with respect to the trade agreement with South Africa. As member states vociferously either defend or promote their trade interests and “prioritise issues differently” (Da Conceição-Heldt 2011a: 405), Baldwin underlines that in spite of the generalisation of trade preferences, “reality is different” (2006: 931) and should be treated with caution. Falke (2005a: 253) states that this generalisation “remains a crude categorization that raises more questions than answers” and Hiscox (2005: 51) finds that treating member states’ trade positions as given a priori is misleading and provides an inadequate account of EU trade governance, as it overlooks key elements explaining member states’ international behaviour. These characterisations also seem to have lost their meaning (Falke 2006: 185) since traditional trade policy has undergone a transformation with the inclusion of new issues on the EU’s “deep trade agenda” (Young and Peterson 2006: 796). Bollen et al. (2016: 284) for example,

42 Except audio-visual services (see Introduction).
43 Dür shows that Spanish exporters of leather products, shoes and textiles and also investors were severely discriminated by the establishment of NAFTA (2007: 840) and hence the Spanish government was a staunch supporter of the EU FTAs with Mexico and Chile. Regarding the EU-South Africa FTA, Spain took a defensive position due to concerns of import-competing interests in the agricultural sector and was pushing for limited liberalisation and opening of the EU market (Frennhoff Larsén 2007: 872-873).
argue that contestation towards TTIP is not so much about the division between liberalisation/protectionism, but focuses more on trade issues like regulatory cooperation and paradigms with disputes coming more from the ‘liberal North’ countries, thereby thus “defying the stereotypical ‘North-South’ distinction”. General ‘liberal North’ or ‘protectionist South’ characterisations thus really conceal the origin of member states’ trade preferences, but these labels also mask the reality that these countries’ preferences within such a categorisation can individually diverge.

In contrast to these above-mentioned studies which primarily focus on member states’ traditional and commercial trade preferences encompassing issues such as trade in goods, agriculture and services, the literature on social trade preferences, although increasing is still understudied. The literature that does exist mainly deals with the inclusion of societal values in the DDR and FTAs since the 2006 Global Europe trade strategy and again focuses on trade positions of individual member states as unitary actors and their objectives in advancing societal values through trade. Orbie et al. (2009) find that linking trade to value-based societal objectives and the promotion of these through trade has not been successful in the past, due to member states’ reluctance towards for example linking trade with the promotion of CLS (Burgoon 2009; Campling et al. 2015), and its linkage with environmental and social policies in general (Bossuyt 2009). According to several authors these issues are more important for some individual member states than for others (Bossuyt 2009: 713; Burgoon 2009: 647; Kerremans and Orbie 2009: 632). This is mainly due to the fact that some member states find that societal values should not be part of a trade agreement because they have nothing to do with the liberalisation of trade. Bossuyt (2009: 713, 714) for example finds other member states agree that value-based societal objectives should be promoted in EU trade agreements but they vary in support for the inclusion of these. Whereas the UK is the biggest supporter of including sustainable development chapters in trade negotiations, especially with regard to linking trade and development (Young 2007: 801), France, Belgium and Denmark are mainly supportive of promoting core labour standards in trade agreements. Germany originally strongly resisted inclusion of non-trade issues, such as labour and environmental standards and the trade-development nexus (Falke 2005a: 21). Although over the years Germany does not reject these issues completely, it finds that trade agreements should focus more on commercial than on social aspects and hence, these issues are not an immediate priority for this member state (Bossuyt 2009: 712; Falke 2006: 193). The UK and the Netherlands, on the
other hand oppose including labour standards in EU trade agreements because they are concerned that inclusion jeopardises trade negotiation processes (Young 2001: 805).

Summarising this section of the literature review has shown that studies’ attention to actual specifics, such as the trade issues concerned and the driving forces behind member states’ trade positions are usually neglected. By not opening the ‘black box’, these studies therefore have not been very “instructive in revealing the depths of the national diversity which still exists inside the European Union” (Baldwin 2006: 931). Speaking of ‘Germany’ or the ‘UK’ as abstract entities doing the acting in EU trade policy making can be useful for simplification purposes, but in the end however these states’ behaviour represents the actions made by actors on the domestic level, such as politicians, trade unions, companies and citizens. These studies have therefore not explicitly delved into the domestic preference formation process.

6. **EU Member Governments’ Trade Positions**

Only slightly more than a handful of studies exist which analyse not EU member states’ unitary trade positions, but those of *member governments* and the domestic actors playing a role in shaping governmental preference formation. Dür, for example, examines the role of German and Spanish national business and agricultural associations in the EU FTAs with Mexico and Chile (Dür 2007; 2010). He argues that under certain circumstances the EU negotiated these FTAs because

> “negatively affected exporters are likely to mobilize in defence of their interests, making it politically reasonable for the government of an excluded country to formulate trade policies aimed at the protection of exporter interests” (Dür 2010: 3).

These exporter interests, discriminated in terms of foreign market access due to the establishment of US trade agreements, such as the North American Free Trade Agreement (NAFTA) and the potential creation of the Free Trade Agreement of the Americas (FTAA), lobbied their governments and the Commission, both being responsive to exporter concerns (Dür 2007: 836). Dür’s ‘protection-for-exporters’ argument thus investigates domestic material interests and provides a detailed account of German and Spanish export-oriented and import-competing interests in favour and against the FTAs. Equally, the study investigates the positions of the Commission and the Council which reveals internal differences between both
Commissioners and governments. Although Dür (2007: 850) emphasises “the role of societal actors in shaping EU’s trade preferences in international trade negotiations (…) under certain conditions”, a detailed investigation of governmental responsiveness towards societal actors’ demands is missing in this study as it is merely assumed. Also, although this study reveals the variation in preferences within the Commission and the Council, it however neglects the domestic preference formation process within the two member states of importance, and does neither analyse the domestic sources nor the variation in these governmental trade positions.

The study by Lütticken (2006) compares the trade positions of Germany, France and Spain in the Uruguay Round. This study analyses the influence member governments have in EU trade policy and the factors which determine the behaviour of Germany, France and Spain (Lütticken 2006: 13-14). By investigating the systemic and sub-systemic levels and by applying rational institutionalism, liberal intergovernmentalism and constructivism, Lütticken (2006: 27-29) shows that institutions, domestic material interests and identity, differently determined the EU trade position in the Uruguay Round. Lütticken finds that liberal intergovernmentalism, and consequently domestic interests and intergovernmental bargaining, played an important role in determining these national trade positions and the common EU trade negotiation position. Rational institutionalism seems to have not played a significant role in explaining German, French and Spanish trade positions. This is according to Lütticken the case because it neglects the domestic factors significant in explaining state behaviour (Lütticken 2006: 177). Constructivism however seems to be the most promising in explaining French, German and Spanish behaviour as national identity characterisations, such as shared norms and expectations and shared historical ties and institutions (Lütticken 2006: 30) reveal “how the relevant states categorise and position themselves [in international trade negotiations] because of their national identity” (Lütticken 2006: 179). Again, although societal actors are investigated and competing business and farmers’ interests are highlighted, the domestic preference formation processes within these three EU member states, is not of

44 Then Vice-President of the Commission, Manuel Marín was the main supporter of the EU-Mexico FTA, whereas Leon Brittan, then British Commissioner for External Affairs preferred a FTA with the US (Dür 2007: 841-842). Whereas the Spanish government urged for a ‘one-stage’ negotiation process in which a framework and trade agreement were to be negotiated simultaneously, and not in sequence, France and some other EU members opposed this (Dür 2007: 842). Regarding the EU-Chile FTA and internally split preferences in the Commission, Manuel Marín again was the staunchest supporter of this FTA and faced opposition from the Austrian, French and Irish Commissioners in line with business and agricultural interests of these Commissioners. In the Council, France and Ireland were the strongest opponents whereas Spain, Portugal, Sweden and Denmark were the countries most in favour of the EU-Chile FTA (Dür 2007: 847).

45 Author’s translation.
importance in this study. Whether societal actors have pushed their respective governments either to be in favour or against trade liberalisation and whether these governments were responsive, and under which conditions, to these demands, has not been part of the investigation.

The studies by Alons (2010; 2013) also deal with studying French and German preference formation and behaviour towards agricultural trade liberalisation in the Uruguay Round. This research equally takes two explanatory variables, domestic and international considerations, into account and examines under which conditions one variable dominates the other in shaping French and German trade positions (Alons 2010: 5). Two process variables, the degree of societal mobilisation and the degree of government sensitivity also play a role in the empirical analysis (Alons 2010: 54). The external and domestic considerations in this comparative case study encompass political, material and ideational interests of both the state (international variable) and societal actors (domestic variable), in favour or against liberalising agricultural trade. Whereas international political interest is viewed as a state’s relative power position internationally and how this shapes Germany’s and France’s preferences, domestic political interest deals with a government’s wish to remain in office domestically (Alons 2013: 505). International material interests encompasses a state’s national economic wealth and its international (non)competitive sectors affected by trade liberalisation, whereas domestic material interests concern the effects of agricultural trade liberalisation on a country’s increase/decrease in the gross domestic product (GDP) and employment in this sector. Ideational interests on the international level encompass state identity and on the domestic level this includes the national policy paradigms, such as state (non)intervention (Alons 2010: 56). Ideational interests thus refer “to defending ideas that are central to the state and shape the beliefs of the state’s decision making elite” (Alons 2013: 506).

The study concludes that both domestic and international explanatory variables need to be taking into account in order to explain German and French trade positions and behaviour with regard to agricultural trade liberalisation in the Uruguay Round. Furthermore, it is concluded that both the political and material interests are of importance but that the influence of ideational considerations equally played a significant role. Alons notes that these three types of consideration can coincide but can also collide with each other (2013: 597). Ideational considerations can, at times, strengthen German and French trade positions based on political
and economic interests, but they can also trump political and economic interests at times when these are at odds (Alons 2010: 330). This research shows how different variables interact to explain trade positions and allows the development of scope conditions for the relative importance of the different variables. Alons however is not concise in examining member governments’ trade positions as this study more often refers to its “focus on member state preferences” (2013: 502) than to those trade positions of a member government. This research blurs a clear line between treating states as unitary actors with identities, interests and beliefs or the role played by domestic actors within the member states and how governmental trade positions come about. What stresses this particular blurring is that Alons does not view a member government as a ‘gatekeeper’ but as an actor in favour or against “the policy option which it deems to be most attractive from the perspective of its political, economic and ideational interests”. Focus here is thus more on the trade position of the member state and not on societal actors having shaped this position.

Research by Konold, on the one hand examines French farmers’ interests in the EU-Mercosur FTA negotiations (2010) whereas, on the other hand he conducts a comparative investigation (2014) where he studies in specific both German and French interests on shaping agricultural trade liberalisation in three types of trade negotiations regarding the currently stalled DDR, the EU-Mercosur Association Agreement and the implemented EU-South Africa FTA. Equally applying a ‘three-level’ game, the latter study investigates the agricultural interests of national farmer associations, the German and French governments and the Commission. Konold analyses the domestic preference formation process but finds that farmer associations as “organized interests are important, but that politicians have the opportunity to integrate these and orchestrate them for their own purposes” (Konold 2014: 39). The conclusion of Konold’s investigations is that the importance of the farmers’ lobby has significantly declined (2010: 340; 2014: 88-102) and that farmers’ interests did not shape the outcome of the three above-mentioned trade negotiations. This study however does not analyse governmental responsiveness as it is assumed that, in order to push through their own autonomous interests in EU trade negotiations, France’s protectionist stance was used by its government as a bargaining chip, and the German governmental position was to not harm its relationship with France and not to act against French interests (2014: 337-341; see also Alons (2010: 197; 2013: 505-506) and Lüticken (2006: 112).

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46 Emphasis added by author.
47 Author’s translation.
Finally, Ramsteck analyses British trade positions in the DDR, especially highlighting the 2003 Cancún Ministerial Conference, and examines which positions the UK emphasised since 1997 and to which extent these were implemented in a common EU negotiation position (2011: 19). By investigating the national, EU and international level, this study applies a modified Open Economy Politics (OEP) paradigm (Lake 2006; 2009) with the research design including domestic material interests and institutions, but also non-commercial interests such as development interests as the independent variables, and the British trade position as the dependent variable (Ramsteck 2011: 29). 48 Although this study provides a detailed insight in British domestic politics including non-traditional trade preferences and the domestic preference formation process, with the government acting as a “gatekeeper” (Ramsteck 2011: 45) its deficit however is, that this is not a comparative study but “rather, this work allows subsequent comparative analysis of central EU member states’ trade policy preferences” (Ramsteck 2011: 23) 49 and thus cannot provide information towards variation in member governments’ trade positions with respect to distinct trade issues.

7. Conclusion
Summing up, this literature review on trade positions in general, on positions of EU member states as unitary actors and EU member governments’ trade positions reveals that various factors are of importance in shaping governmental trade positions. With an exclusive focus on the domestic preference formation, the factors mostly investigated in these studies include domestic material interests, ideational beliefs and institutions. While it thus has been acknowledged that in different instances, different explanations represent key variables in shaping governmental positions in EU trade negotiations, little attention has been paid to theorising about the conditions for the prevalence of one explanatory variable over the other in a given policy outcome. By claiming that only little attention has been devoted to addressing this theoretical challenge does not mean to disregard the above-mentioned attempts that have been made in this direction. These studies, however, suffer from two weaknesses. First, often they tend to adopt a rather descriptive approach, thereby failing to link domestic politics and variations in governmental trade positions. In other words, while these studies suggest that domestic politics shapes governmental trade positions, they fail to empirically test whether this is the case. Second, those studies that are analytically-based and

48 The OEP paradigm does not investigate non-material interests and although it does focus on international bargaining, it does not consider the EU bargaining level.
49 Author’s translation.
that tackle the question of how to integrate into a single theoretical framework various domestic variables do however, not deal with the conditions of prevalence of one variable over the other in the preference formation process and investigate how this has shaped governmental trade positions.

Also, most of the above-mentioned studies focus on different levels of analysis, such as both the international and domestic level (Alons 2010; 2013) or the international, institutional and domestic level (Dür 2007; 2010; Lütticken 2006; Konold 2010; 2014). On the one hand, the inclusion of one or more levels into the analyses has provided an understanding of the various actors involved and highlights the internal differences with regard to their trade positions. On the other hand, when examining different levels, these studies however do not strictly separate between the need to investigate, on the one hand EU member states on the EU level and, on the other hand the EU member governments on the domestic level. Focusing on the interaction between levels has led some of these studies to marginalise or neglect a detailed account of the preference formation process on the domestic level and have thereby assumed that governments are receptive to societal actors’ demands (Dür 2007; 2010). The one study that does provide a detailed investigation of the domestic preference formation process and the societal actors involved in trade politics, however cannot explain for variation in trade positions across governments due to its focus on one country only (Ramsteck 2011).
PART II
1. Introduction

Part I of this study has so far done the following: (1) it has introduced the research question this project aims to answer; (2) it has described the evolution of EU trade policy (from traditional trade to new trade policy) including the three aspects of trade policy (traditional, commercial and social trade); (3) it has introduced the institutional environment in which EU trade policy takes place including the actors involved in the trade policy making process; and, equally, (4) it has touched upon the literature on trade preferences in general, and on EU trade preferences in specific, thereby revealing those studies assuming the trade positions EU member states, and those analysing member governments’ trade positions. The last chapter has paid particular attention to the gap in research and has shown that literature is particular scarce in accounting for variation across EU member governments’ trade positions. In order to fill this void, this project examines the domestic politics within the two member states, Great Britain and Germany. Given this project’s emphasis on the empirical testing of theoretical premises, in order to determine the conditions under which the British and German governments have specific trade positions, the societal approach to governmental preference formation will be employed.

According to Carsten Mahrenbach (2013: 9, 10) the societal approach combines key insights from the theoretical IR perspectives discussed in the previous chapter. First of all, similar to neorealism, the societal approach emphasises relative power as significant, albeit not on the international but domestic level: the societal actors with the most relative power domestically are those which will have their preferences turned into policy. Secondly, equal to institutionalism, the societal approach stresses the importance of rules, albeit not rules focusing on mutual but rather relative gains, for determining policy within a domestic context; societal actors whose participation is institutionalised for shaping positions domestically are more likely to be represented than others. The societal approach equally complements rational and reflective institutionalism (Hall and Taylor 1996; Keohane 1988; Schmidt 2009). While the former emphasises a ‘calculus approach’ and strategic interaction between institutions and actors and focuses on how institutions affect patterns of transaction costs (Keohane 1988: 386), the societal approach complements this by analysing the perception of the market and regulative institutions and by investigating ideas as an explanatory variable (Schirm 2011:
Reflective institutionalism on the other hand, argues that the meaning of institutions is shaped by intersubjective communication and the role of “values (...) and practices” (Keohane 1988: 389), the societal approach complements this by focusing on material interests as an explanatory variable. Furthermore, complementing institutionalism, the societal approach argues that diverging governmental positions and the variation in these governments’ ability to compromise on multilateral agreements is shaped by the impact of the two domestic variables (Schirm 2009: 503). Thirdly, matching constructivism, the societal approach underlines the importance of societal values in determining governmental positions; elected politicians are responsive to voters’ expectations towards appropriate governmental behaviour. Opposed to constructivism however, these actors in the societal approach determine preferences based on the rational ‘logic of consequentialism’, and not based on the ‘logic of appropriateness’. Finally, the societal approach shares key insights with domestic politics approaches and the liberal theory of IR. The next section will elaborate more on these commonalities and will provide information on the distinctiveness of the societal approach. Important to note here is that studying the domestic politics within the member states Great Britain and Germany and explaining their trade positions does not exclude the validity of these above-mentioned approaches. Rather this project complements them by addressing those factors which so far have largely been ignored. In addition, employment of the societal approach seems interesting since its core premise, that demands of societal actors are reflected in the governmental positions, is not an undisputed assertion in reference to EU trade policy making. Therefore, the societal approach equally complements the conventional approach to EU trade policy making mentioned in Chapter 2: Institutional Environment.

2. The Societal Approach to Governmental Preference Formation
The societal approach states that elected governments in democratic political systems aim to remain in office and their positions therefore are a reflection of the preferences of societal actors, which can range from lobby groups’ pressure to public opinion attitudes (Schirm 2013a: 690). In addition to considering these two societal preferences, the extended societal approach also examines the role of domestic institutions by aiming to identify variation in countries’ economic regulations which are prone to shape diverging governmental positions (Schirm 2016: 68). This approach thus provides a multidimensional theoretical tool which has empirically investigated societal preferences as driving forces of divergent governmental positions in several case studies. These case studies have dealt primarily with the following global economic governance (GEG) issues; the divergence of governmental positions of the
US, Germany and Brazil in the G20 with regard to issues of stimulus and public debt as well as trade imbalances and exchange rates (Schirm 2013a); the variation of British and German governmental strategies towards the global economic crisis (Schirm 2011); the consideration of societal preferences of the governments from Italy and Argentina having an impact on the international strategies of Brazil’s and Germany’s governments’ through “inclusive leadership” (Schirm 2010: 198); the societal forces of reforming international organisations and more efficient rules for markets in the global economy such as US and German government positions on reforming the IMF and Basel II and the different impact of domestic sources on these governments’ ability to compromise internationally (Schirm 2009); the diverging British and German government positions towards Basel III in reaction to the global financial crisis (Franke 2013); the societal factors of emerging powers, Brazil and India, impacting specific trade policy strategies (Carsten Mahrenbach 2013); an examination under which conditions societal preferences prevail and interact with one another in shaping diverging US and German governmental positions with regard to the G20 discussions on stimulus and debt and exchange rates and global imbalances and the IMF governance reform (Schirm 2016), and; analysing the societal foundations of European policy divergence in financial governance with regard to two case studies, in the G20 (France, Germany, Italy and the UK) (Schirm 2015) and in the Eurozone crisis (Spain, Italy, Greece, Germany and France) (Schirm 2017).

2.1 Domestic Politics Approaches and the Societal Approach
These studies have highlighted that, apart from sharing key attributes from the earlier mentioned IR theoretical approaches, said approach employs similar tenets equally applied by various domestic politics approaches focusing on endogenous preference formation. In fact, the societal approach relies upon and has both partially integrated and developed following approaches further; the two-level games approach (Putnam 1988), theories of domestic influences of foreign economic policies (Frieden and Rogowski 1996; Milner 1997; Katzenstein 1977; 2005); the liberal theory of IR (Moravcsik 1997; 2008), the Varieties of Capitalism (VoC) literature (Fioretos 2001, 2012; Hall and Soskice 2001; Schmidt 2009) and Historical Institutionalism (HI) (Fioretos 2010; Fioretos 2011; Farrell and Newman 2010). All these approaches apply domestic independent variables in order to explain state behaviour and these authors as well as others have underlined the relevance of considering either societal interests (Frieden and Rogowski 1996: 35; Lake 2006; Moravcsik 1997: 528-530) or ideas (Campbell 2011: 159-166; Jepperson et al. 1996: 54; Moravcsik 1997: 525-528) in explaining
state behaviour. Their emphasis however is on different issues, such as for example the connection of domestic variables and state behaviour with three liberal variants, commercial, ideational and republican liberalism, within the context of treaty formation (Moravcsik 1997; 1998); the linkage and interaction between national and international negotiations (Putnam 1988); or institutions and firms (Hall and Soskice 2001).

Although the similarities integrated by the societal approach are imperative, it nevertheless distinguishes itself profoundly from the above mentioned approaches. As an actor-centred approach, the societal approach is distinctive in the nature of the domestic variables, interests, ideas and institutions, it privileges. First of all, the societal approach differs by incorporating two independent variables, domestic interests and ideas, in its analysis which in the above-mentioned studies are frequently employed exclusively. It thereby stresses the necessity for considering both societal interests and ideas in its analysis. The importance of this has also been underlined by other authors (Blyth 2001: 252; Goldstein and Keohane 1993: 25; Mansfield and Milner 2012: 14-16) and Milner, in great detail, states the importance of domestic politics in analysing state behaviour.

“Groups within [the state] have different policy preferences because they are differently affected by government policies. Any change in policies, as might occur because of international cooperation, has domestic distributional and electoral consequences. These domestic consequences are the “stuff” of politics. First, they mean that some societal actors oppose and others favor cooperation. These groups will pressure the government to cooperate or not; they will promise to increase, or threaten to withdraw, their electoral support. In turn, political actors will favour or oppose cooperative policies depending on their relationship to these societal actors. (…). Second, policy choices have electoral ramifications. When choosing policies, a country’s political leaders will not only be buffeted by the pressures of groups with conflicting interests but will also have to consider the electoral consequences of these choices” (Milner 1997: 16).

Analysing both variables is based on the assumption that both individual as well as governmental preferences are shaped by short-term material considerations and/or durable ideas (Schirm 2013a: 690). Furthermore, the societal approach incorporates insights from the VoC and HI literature. For one, it is in line with the role institutional factors play in shaping governmental preferences which is underlined by the VoC literature. This literature assumes that there are two distinctive ideal types of Western market economies due to their institutional design. Whereas market coordination mechanisms and competitive market

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50 Original emphasis.
arrangements dominate in Liberal Market Economies (LMEs, for example Great Britain), institutional governance structures of non-market coordination dominate in Coordinated Market Economies (CMEs, for example Germany) (Hall and Soskice 2001: 8). On the other hand, the societal approach differs from the VoC literature as it does not have a firm-centred view of institutions but focuses on governmental preference formation and complements this literature by acknowledging institutions as regulations representing codified forms of ideas and/or interests (Schirm 2013a: 691). The societal approach equally relates to HI as it finds that governments tend to be consistent with long-term institutional settings because of their path-dependent legitimacy. Institutions thus reflect societal ideas and interests of the past which may have an impact on current ideas and interests (Fioretos 2011: 373). With regard to societal interests and ideas shaping governmental positions, according to Fioretos (2010: 701), HI explains that

“governments’ positions are informed by calculations of how international rules will affect the ability to sustain designs that are the foundation of economic groups’ competitive advantages and that national traditions of policy-making determine which groups are given more weight in deliberations”.

Societal actors’ interests and ideas are thus shaped by a country’s institutional environment which helps determine the ways in which societal actors interact with each other (O’Rourke and Sinnot 2002). While focus of the societal approach is on societal actors and not on institutions, in specific on actors’ interests and ideas as driving forces for governmental preference formation, institutions are treated as subject to societal actors’ interpretation of interests and ideas in political discourse (Schirm 2011: 49) and are viewed as subordinate, equal to a country’s political system and political parties (Schirm 2013a: 173). As mentioned earlier however, the enhanced version of the societal approach includes domestic institutions as an independent variable for the explanation of governmental preferences as the dependent variable. This domestic variable is defined as “formal regulations, which structure domestic political and socio-economic coordination” (Schirm 2016: 68). It is important to note here is that this domestic variable will not be considered in this project since there are no corresponding domestic institutions dealing with structuring domestic political and socio-economic coordination in EU external trade negotiations in the respective countries of investigation. Domestic interests and ideas thus seem better suited to explain variation in British and German governmental trade positions. By using these variables societal interests, this study addresses the more recent changes brought about by EU trade policy (from
traditional to new trade policy) as well as the domestic material considerations and fundamental societal values of the societies affected by this change.

Previously mentioned, the societal approach also shares key insights and acknowledges various commonalities with the liberal theory of IR. In line with commercial liberalism, the domestic interest variable in the societal approach refers to distributional concerns new market incentives can offer societal actors (Moravcsik 1997: 528). In addition, the societal approach complements ideational liberalism by examining two types of value-based societal ideas, process ideas and content ideas. While the former refers to the political process of governmental decision making, the latter refers to the political content of a government’s main task in a given policy area (Schirm 2016: 68). The main distinctiveness between the liberal theory of IR and the societal approach is though that the former theoretically stresses the impact the domestic variables, interests, ideas and institutions, may have on governmental decision making, whereas the latter empirically tests the potential impact of these variables on governmental positions. In addition, the societal approach creates a new dimension in comparison with not only the liberal theory of IR but also other domestic theory approaches, in that it conceptualises and examines the conditions under which these domestic variables dominate in shaping governmental positions.

The importance to apply an empirical examination in explaining diverging governmental positions becomes more distinct when looking at some insights of the liberal theory of IR. In ‘Taking Preferences Seriously’ (Moravcsik 1997) for example, it is stated that “(s)societal ideas, interests, and institutions influence state behaviour by shaping state preferences” (Moravcsik 1997: 513), and also its updated version ‘The New Liberalism’, further stresses the pre-eminence of “differentiated demands from societal individuals and groups in international affairs” (Moravcsik 2008: 236). Several scholars however criticise this approach as being too narrow (Cini 2007: 112-116; Nugent 1999: 510). This is because, although Moravcsik explains that liberal means opening the ‘black box’ and stresses the influence of domestic politics, he does not examine how societal preferences, as “states of the world” (Moravcsik 1999: 24), come to exist and are subsequently aggregated at the domestic level. By stating that “(d)eriving state preferences from social preferences is thus a central theoretical task of liberal theory” (Moravcsik 2008: 237) he might prove theoretical correctness but carries no empirical substance. According to Kassim and Menon (2003: 127) this is because
“owing to its ex post facto attribution of motives without empirical investigation, its stress on interests that remain unelaborated, and its lack of precision in identifying the mechanism that links cause to effect (…) no empirical evidence is offered in support of the contention that member states engage in a cost–benefit analysis”.

Thus, “in order to understanding fully how governmental positions (or preferences) are determined (…) a more subtle analysis of domestic politics is required” (Cini 2007: 113). This research therefore applies the conceptualisation of the societal approach to governmental preference formation and refers to it as the theoretical foundation which enables this study to take societal preferences really seriously by not just opening the ‘black box’ but by actually unfolding it. Whereas Moravcsik’s liberalism underlines the theoretical impact domestic interests, ideas, and institutions may have on governmental positions, Schirm’s societal approach thus goes beyond this. In operationalising the societal approach, the independent variables are analytically separated for “the purpose of identifying sui generis characteristics of the two variables” (Schirm 2017: 3), for creating hypotheses and guiding the empirical testing of case studies.

2.2 Conditions for Prevalence
The societal approach acknowledges that the domestic independent variables, interests and ideas, can compete and reinforce each other in shaping governmental positions. In order to be able to answer the questions when does each of these variables matter in shaping governmental positions, and how do they interact with each other, the societal approach analyses the prevalence of these domestic variables in shaping governmental positions, i.e. the conditions under which governmental positions are prone to be responsive to these is of importance (Schirm 2013a: 692). In addition to analysing the conditions for their prevalence in shaping governmental positions, the societal approach equally aims to demonstrate possible interdependencies between the variables. According to the societal approach, the specific conditions under which domestic interests and ideas each dominate governmental preference formation in global governance issues are in brief: (1) impact on sector, and (2) issue at stake (Schirm 2016: 69). Referring to the former condition impact on sector, the societal approach states that, if a domestic economic sector is directly affected by proposed global governance issues which imply cost-benefit calculations for specific and well-organised societal interests, this will lead to intense lobbying and societal interests will prevail in shaping governmental positions.

51 Original emphasis.
52 On the interaction between ideas and interests see Carsten Mahrenbach 2013: 22; Goldstein and Keohane 1993: 25.
positions. Conversely, if a domestic economic sector is not directly but diffusely affected by proposed global governance issues, societal interests will not get engaged in intense lobbying and societal ideas will be more important in shaping governmental positions. Referring to the latter condition issue at stake, the societal approach states that if a global governance issue raises distributive (cost-benefit) questions of international competition, then societal interests will intensely lobby and will prevail in shaping governmental positions. Conversely, if a global governance issue deals with fundamental questions about the role of politics versus the market in steering the economy, because these affect value-based collective expectations about appropriate governmental behaviour and political regulation, then societal ideas will predominantly shape governmental positions (Schirm 2013: 692). This research thus focuses on the theoretical conceptualisation of the conditions for domestic variables shaping governmental positions and on the empirical investigation of their impact on governmental trade positions in case studies. These conditions for the prevalence of the variables in shaping governmental positions can have several implications, as depending on the issue concerned, either one or both variables will shape governmental positions. It is argued here, that in this study these specific conditions can be easily transferred to the context of trade. As Schirm states (2016: 77, 78)

“Domestic interests are expected to shape governmental positions generally in cost-inflicting sectoral matters, and thus should be particularly prominent in the realm of trade (…) negotiations. Ideas will have a bearing when fundamental questions regarding the role of politics in steering the economy are raised, for instance, in debates on (…) international labour and environmental standards”.

Applying said approach thus seems promising for the comparative explanation of British and German governmental trade positions because trade liberalisation directly affects the domestic level, that is, voters and economic sectors, which can be presumed to shape governmental trade stances. As a result, testing governmental responsiveness to societal trade positions in the UK and Germany is considered one of the major contributions of this study. This is because it represents an opportunity to provide new insights into the relatively one-sided debate in the existing literature related to EU trade policy making with its focus on the EU institutions (primarily the Commission and the Council, but increasingly the Parliament).

53 Furthermore, the societal approach argues that the government’s ability to compromise in intergovernmental negotiations tends to be higher, if divergences are material (interest driven) in nature, than if they are shaped by contrasting value-based expectations (idea driven) (Schirm 2009: 505). In its complete version, the societal approach employs domestic institutions as an independent variable which however does not compete with the other two domestic independent variables but rather weakens the impact of interests and ideas opposing institutional settings or strengthens the impact of interests and ideas that reinforce them (Schirm 2016: 69).

54 This has been done before however in the context of the G20 case study investigating diverging governmental positions on trade-related themes exchanges rates and global imbalances (Schirm 2013a; 2016).
Also, it equally provides key information on the governmental preference formation and policy making process in both Great Britain and Germany. As will be explained in the following chapter (*Chapter 5: Methodology*), this will be done by correlating societal preferences for domestic interests and ideas with the presence of these independent variables mainly in the position statements made by British and German government actors in the case studies. This not only provides an opportunity to test each individual government’s responsiveness to its own domestic actors. Rather, it will also help identify the degree of commonality or variation in these two governments’ responsiveness to domestic actors.

3. **Independent Variables and Dependent Variable**

Given the neglect of application of a domestic politics approach to the posed research question *why and under which conditions did British and German governmental trade positions in the EU-Korea FTA negotiations diverge*, this next section will first of all present and define the two domestic independent variables already familiar from the hypotheses presented in this study’s *Introduction*. This is then followed by presenting the dependent variable. Both independent variables, domestic interests and ideas, will largely be defined as originally theoretically conceptualised in the societal approach. This project however inserts these domestic variables within the context of trade. As the *Literature Review* has revealed, many studies exist which attribute variations in trade positions to the distributional consequences of trade liberalisation, whereas recent research however has also shown that public opinion on trade also plays a central role in shaping governmental trade positions (Fordham and McKeown 2003; Kono 2008). The two independent domestic variables are thus viewed here as important determinants decisive in shaping the independent variable, British and German governmental trade positions.

3.1 **Domestic Interests**

Domestic interests in this project refer to *domestic sectoral material interests* and are defined as material considerations of distinct British and German domestic economic sectors. These considerations can alter immediately in response to changed economic conditions that is, according to the short-term costs and benefits imposed on these domestic actors by trade liberalisation, i.e. the EU-Korea FTA.

The relevant domestic actors studied in relation to societal interests in the case studies are the organised interest groups *and trade unions* within the UK and Germany which represent the
distinct domestic sectors relevant for the case studies chosen (to be further discussed in Chapter 5: Methodology). Under the theoretical conceptualisation of the societal approach this definition assumes that the domestic interaction of these actors’ interests shape the British and German trade positions. It refers to those analyses mentioned in the Literature Review concerning the interplay between economic internationalisation, domestic sectors and politics (Milner and Keohane 1996; Katzenstein 2005: 13-19). Specifically its focus on the previously mentioned “exogenous easing of international trade” and its effects on domestic politics (Frieden and Rogowski 1996: 34-35) plays a primary role. Interested in understanding the economic policies performed by individual states, these authors argue that the impact of this exogenous easing of international trade affects preferences and political behaviour of interest groups and governments which leads interest groups to put pressure on the government in order to establish competitive conditions. The relevance of domestic sectoral material interests for governmental preferences, particularly within the field of trade, has been emphasised by both EU literature and International Political Economy (IPE) literature which hold that, within a particular country societal actors’ trade preferences, either in favour of protectionism or liberalisation because such policies changes their incomes, reflect the distributions of anticipated costs and benefits of a prospective change (Dür and Zimmermann 2007: 774; Frieden and Martin 2002: 127-128; Lake 2006: 763). The trade preferences of domestic sectors can thus be crucial for governmental positions as politicians, who aim to remain in office, are said to respond to the preferences of these actors, which compete with one another to exert their influence on policy making through lobbying (Schirm 2016: 68).

This study therefore focuses on the material impact of trade liberalisation in the form of anticipated changes in economic conditions to examine the connection between domestic sectoral interests and governmental positions. This connection can occur in the form of a sector’s positive attitude towards trade liberalisation due to its competitive position in the market. Negative attitudes towards trade liberalisation occur if a sector is threatened by competition or new trade rules. Trade liberalisation has a diverging impact on domestic sectoral interests as “cooperative agreements create winners and losers domestically; therefore they generate supporters and opponents” (Milner 1997: 9). Once FTA liberalisation efforts are initiated, it brings about changes in the economic conditions which results in domestic sectoral interests being concerned about distributional questions. When these actors then recognise the effects of trade liberalisation, domestic sectoral interests are altered and they
subsequently engage in pressuring their respective governments directly. This means that specific sectors are concerned about discrimination and subsequent losses in market access (Manger 2009; Dür 2010). Given that FTAs aim to reduce or eliminate all barriers to trade between partners the relevant societal interests to this study are those thematically related to this goal of trade liberalisation. Two competing types of domestic sectoral material interests are to be traced in the case studies. This is because one type of societal interest identified for analysis should be comparable and correspond to an opposite type of societal interest, as “failure to apply equal vigor to analyzing oppositional messages can seriously distort and invalidate a study” (Macnamara 2005: 9). As sectoral interests have diverse preferences on trade they are likely to vary regarding the demand for liberalisation versus the demand from protection from competition (Mansfield and Milner 2012: 94; Schirm 2016: 68), the two opposing types are thus market liberalisation and market protection; Market liberalisation is defined as expanding access to foreign markets through abolishing/reducing TBs and/or the role of NTBs. Market protection is defined as inhibiting others from expanding access to the domestic market by maintaining/increasing TBs and/or the role of NTBs.

3.2 Domestic Ideas
Domestic ideas in this project refer to value-based societal ideas and are defined as coherent collective shared expectations of British and German voters and NGOs about acceptable governmental positions and of how politics should steer the economy. These expectations are rooted in the past and cannot alter immediately in response to changed economic conditions imposed on these domestic actors by trade liberalisation, i.e. the EU-Korea FTA.

The relevant domestic actors studied in relation to societal ideas in the case studies are voters and NGOs (to be further discussed in Chapter 5: Methodology). Under the theoretical conceptualisation of the societal approach this definition assumes that these actors’ ideas shape the British and German governmental trade positions. It also refers to those analyses mentioned in the Literature Review concerning the increasing role played by ideas in determining states’ foreign policies (Blyth 2003; Campbell 2002; Parsons 2002; and Goldstein and Keohane 1993) and to a number of studies which show that voters and NGOs

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55 This refers to the options or lobbying strategies interest groups have in representing their interests (Dür and Mateo 2016: 5; Eising 2009: 133). Inside lobbying are “activities that are directly aimed at influencing decision-makers” (Dür and Mateo 2016: 70) in contrast to outside lobbying which is a strategy used by interest groups “using demonstrations, information events, press releases and petitions to spread their message to the broader public” (Dür and Mateo 2013: 622).
have an impact on governmental trade positions (Alons 2013; Dür and Mateo 2014; Kono 2008; O’Rourke and Sinnot 2001). Voters play a role as consumers in shaping governmental positions and their ideas, articulated as trade preferences, are rooted in national attitudes which shape the way in which they react to trade liberalisation (O’Rourke and Sinnot 2001: 158-159). These ideas are fundamental to governmental actors as they are action-oriented and shape the positions of the decision makers (Alons 2013: 506). Voters generally articulate their trade preferences to governmental actors through public opinion polls but they are also able to directly set the limits in shaping governmental positions based on their understanding of an appropriate policy position (Blyth 2003: 699). Equal to sectoral groups they can have diverse trade preferences as it is assumed that the “average voter prefers some protectionism, but not too much since excessive protectionism can adversely affect a country’s economy” (Manfield and Milner 2012: 94).

Those trade positions deemed appropriate by voters make certain positions more legitimate and acceptable than others by “generating expectations about (...) how particular actors will behave” (Jepperson et al. 1996: 54). According to Kavanagh et al. (2006: 66) “politicians like to claim their actions are rooted in values and principles” and the fact that they are rooted in the past means that ideas have a durable influence which is due to their incorporation into a country’s political discourse (Goldstein and Keohane 1993: 20). Hence, ideas are expressed through voters’ attitudes, behavioural practices and in an institutionalised codified form of countries’ political system and culture (Schirm 2013a: 691). Taking them into account during the governmental preference formation process, i.e. “the need for government to have the consent of the people” (Kavanagh et al. 2006: 70) is due to the fact that governmental actors treat ideas as if they are material straightjackets (Siles-Brügge 2014: 14). Equal to the independent variable domestic interests, ideas are relevant in shaping governmental trade positions, because governmental actors who aim to remain in office will need votes to stay in power.

In line with the societal approach, domestic ideas are theoretically and empirically separated into process ideas and content ideas. Whereas the former type of ideas relates to the political process and are defined as dominant expectations about the conduct of government’s political decision making, the latter type relates to the political content and are defined as dominant expectations of the government’s primary task in a given policy area (Schirm 2009: 505). Within the context of this project, this refers to dominant expectations of the primary tasks the
government has to accomplish in trade policy. Further elaboration on and operationalisation of these types of ideas will occur in the following chapter (Chapter 5: Methodology).

3.3 Dependent Variable

As mentioned previously, the study’s dependent variable aims to explain the variation in British and German governmental trade positions in the EU-Korea FTA negotiations. As mentioned throughout this study, there is scarce knowledge about EU member governments’ trade positions and therefore the aim here is to investigate these, given societal actors with defined preferences. Studying governmental trade positions makes sense because EU trade policy has a significant intergovernmental basis as it developed closely with national governments whose preferences determine the mandate and depends on their approval for the results of international negotiations. Also, despite the increasing importance of various societal actors in shaping EU trade policy (Introduction, Chapter 1: EU Trade Policy), national governments remain core actors in this process and therefore remain key actors in trade policy making as they are, according to Young and Peterson “the real decision-makers” in the trade realm (2014: 3). Following the societal approach, politicians are utility-maximisers who are likely to be concerned about trade policy in their efforts to win elections. Under this assumption, government decision makers are thus susceptible to political pressure from concentrated groups and enter the picture primarily by responding to the demands of societal actors. Also, in order to understand states’ international behaviour it is imperative to first examine the domestic sources of governmental positions exactly because these positions express societal preferences dominant in a country’s domestic politics, prior to international negotiations (Schirm 2011: 50). This implies that

“states do not automatically maximize fixed, homogeneous conceptions of security, sovereignty, or wealth per se, as realists and institutionalists tend to assume. Instead (…) they pursue particular interpretations and combinations of security, welfare, and sovereignty preferred by powerful domestic groups” (Moravcsik 1997: 519).

As previously mentioned, the societal approach assumes that elected governments in democratic political systems, who mainly desire to remain in power (Schirm 2011: 50), are responsive to dominant societal interests and ideas, and thereby fulfil their role as a ‘problem-solver’ and convey in translating these societal interests and ideas into governmental positions. As a result, testing government responsiveness to domestic sources in the UK and Germany is considered one of the major contributions of this dissertation. As will be
explained in detail (Chapter 5: Methodology), this will be done by correlating the preferences of societal actors related to societal interests and ideas with the presence of these independent variables in the position statements made by British and German government actors in the domestic preference formation process. Doing so provides an opportunity not just to test each individual government’s responsiveness to its own domestic groups, but also to identify the degree of commonality or variance in these two EU member governments’ responsiveness to societal actors. This in turn, and in line with the societal approach, will highlight similarities and differences in their domestic policy making processes.

4. Hypotheses
After having defined the variables, of both independent and dependent nature, it is necessary here to recall this study’s main hypotheses which were already presented earlier in the Introduction. These hypotheses are intended to answer the question of what factors correlate to the dependent variable. To do this, these hypotheses link the two independent domestic variables, societal interests and ideas, with the dependent variable. Important to recollect here is that the independent variables under scrutiny are featured in both hypotheses, but their prevalence in shaping German and British governmental trade positions varies (Schirm 2009; 2011; 2013a; 2013c; 2015; 2016, 2017).

In hypothesis 1 (H1), the independent variable which represents British and German domestic interests prevails. H1 accordingly claims that if trade liberalisation issues focus on distributional concerns, domestic sectoral material interests will dominate value-based societal ideas in shaping British and German governmental trade positions.

In hypothesis 2 (H2), the independent variable which represents British and German value-based societal ideas prevails. H2 accordingly claims that if trade liberalisation issues focus on fundamental issues about acceptable governmental policies, that is the role of government in steering the economy and domestic sectoral material interests are affected diffusely, then value-based societal ideas will dominate sectoral material interests in shaping British and German governmental trade positions.
CHAPTER 4: METHODOLOGY

1. Introduction
The hypotheses proposed in the previous chapter are tested in this project for each country via a multi-step analysis (Carsten Mahrenbach 2013: 27). This analysis, as well as the methods used within it, will be presented below. Overall it should be noted that the analysis applies a methodological triangulation (Dür 2008b: 569) which combines three primary qualitative methods in addition to the standard reference paid to secondary literature and economic data: (1) discourse analysis, (2), the analysis of public opinion polls, and (3) expert interviews. The general time frame of the analysis spans from 2006 until 2009. This span covers the time period where the EU ‘Global Europe’ trade strategy has been launched and covers the negotiations phases of the EU-Korea FTA relevant in this project to trace the domestic preference formation in Britain and Germany. These are two of the four negotiation phases, mentioned previously in the Introduction; (1) the period leading up to the granting of the negotiation mandate and, (2) the actual course of negotiations up until the FTA was signed. Covering these two phases can account for governmental position change during the negotiations.

This chapter thus presents the methodology employed to test the hypotheses and is structured as follows. It first of all presents the reasoning behind case selection (Britain and Germany) and case study selection (EU-Korea FTA). This is then followed by a presentation of the multi-step analysis thereby commenting on the relevant societal actors and the methods used in each step, as well as indicating the links in each step to the questions and variables examined in the project. Subsequently, the three major, qualitative methods employed in this study are addressed in detail; firstly related to discourse analysis, secondly to public opinion polls and thirdly to expert interviews. For each method the relevance of the given method for this study will be discussed, the steps taken to minimise any potential weaknesses in employing them, as well as relevant details related to the process of employing each method. Finally, a conclusion will finish this chapter.
2. **Case Selection and Case Study Selection**

Gerring (2007: 19-20) defines a “case study (…) as the intensive study of a single case where the purpose of that study is – at least in part – to shed light on a larger class of cases (a population)”. A case study is thus an empirical inquiry in which the examiner explores “a contemporary phenomenon (the “case”) in depth and within its real-life context” (Yin 2014: 16). As mentioned in the *Introduction*, this project undertakes a theory-guided, systematic empirical analysis of two EU member governments, Great Britain and Germany in one case study; the EU-Korea FTA. By applying this theory-guided approach, these governmental trade positions are not specified by observation or by assumption, but are derived on the basis of pre-existing theory. According to Levy (2008: 4), theory-guided case studies “are explicitly structured by a well-developed conceptual framework that focuses attention on some theoretically specified aspects of reality”. By employing the societal approach to governmental preference formation, features of the societal actors are known which will lead to a particular set of governmental preferences. By investigating *when each of the domestic variables matters in shaping governmental trade positions*, this study examines under *conditions* this variation across EU member governments occurs and aims to account for the interaction of the two types of independent variables, domestic interests and ideas, in the domestic preference formation process (Schirm 2016: 68). In line with Levy (2008: 7), the aim of this project is thus to give the reader “a feel” for a theoretical argument by providing a concrete example of application of the societal approach to governmental preference formation and to demonstrate the empirical relevance of its theoretical prepositions.

2.1 **Case Selection**

This project will explore the trade positions of two EU member governments, Britain and Germany. Since this study cannot analyse all EU member governments’ trade positions, the two countries chosen for a systematic comparative analysis were, in the time period under study, two of the key players in EU trade policy making. In line with Eising’s argumentation (2009: 10), studying these two particular EU member governments

“controls some country-specific factors such as population size, level of economic and technical development, the economic weight of these countries in the EU, their formal decision-making rights in EU politics and their long duration of EU membership”.

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56 It should be recalled here, that this study focuses on the pre-Brexit and pre-Trump administration period.

57 Eising also includes France in his study on government-society relations.
Equally, Eising (2009: 10) argues that these particular member governments differ from others, because they are the largest EU member states with a higher number of interest groups covering a wide spectrum of interests. Due to their greater formal decision making rights they have a more political clout than other member governments when negotiating a common position. This subsequently leads to the fact that these countries’ interest groups may be more inclined to rely on their national governments as representatives for their interests.

Those factors that may explain the dependent variable are therefore most likely found within the domestic politics of each country and should thus be based on a theory which focuses on domestic explanations. The theoretical framework best matching this study’s requirements is hence the societal approach to governmental preference formation. Notwithstanding the above mentioned similarities, regarding country selection of Britain and Germany, the societal approach is prone to apply the adoption of a most-different systems design (Bennet and Elman 2007: 175; Levy 2008: 10; Schirm 2016: 70) as it allows for the presumption that divergent domestic characteristics might shape the two countries’ governmental trade positions. The EU member governments were thus chosen in order to compare two different sets of societal interests and ideas as both show a different institutionalisation of national capitalism, different sectoral advantages and different ideational settings. While the UK, as a liberal market economy (LME) heavily shaped by financial services predominantly follows competitive market arrangements and unilateral management control over firms, Germany, as a co-ordinated market economy (CME) is heavily shaped by manufacturing and relies more on non-market coordination and cooperative, hence, consensual decision making (Eising 2009: 34-37; Hall and Soskice, 2001: 8; Schirm 2016: 70). Equally, these types of capitalism characterise the different lobbying styles, or systems of interests representation, of Great Britain and Germany well (Dür and Mateo 2016: 5; Eising 2009: 32). In Germany, a so-called corporatist country, access to decision-makers is relatively well regulated and institutionalised and hence, the borders between government and society are blurred, with the government acting as an intermediator in trying to build consensus by integrating competing interests of highly centralised interest groups (Eising 2009: 33). In Great Britain, a so-called pluralist country, access to decision makers is not so well regulated and institutionalised as in

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58 It should be noted here, that the literature and study of comparative capitalisms does not deal with trade positions in international trade negotiations. Instead it focuses on production systems, welfare arrangements and domestic institutions. However, literature does try to characterise the roles of national federations and firms in their national economies, the constraints weighing upon them and the type of coordination that develops between them and their respective governments. These different types of coordination are relevant to the study of lobbying because country differences remain relevant to the study of interest group behaviour (Woll 2008: 20-22).
Germany, and hence, government and society are separated, with the government acting as a referee in trying to build minimum winning coalitions amongst competing fragmented interest groups (Eising 2009: 33-34). Also, corporatism stresses the negotiations between government and domestic peak associations, whereas pluralism points to competition between interest groups. Again, the former thus leads to cooperative situations and consensus-building, whereas the latter leads to situations where competitive and coalition-building take place (Eising 2008: 1169).

Before elaborating on the case study selection, it will be of importance to recall the actual reason for conducting this study. The title of this study entitled ‘Variation in Preferences’ refers to the diverging British and German governmental trade positions in the EU-Korea FTA negotiations. Although both Britain and Germany had shared an interest in concluding the EU-Korea FTA negotiations however, this matching interest did not translate into similar governmental trade positions. While Britain and Germany both have been traditional advocates of trade liberalisation (BIS 2011: 5; BMWi 2015; Bollen et al. 2016: 288), and were both expected to be key beneficiaries of the EU-Korea FTA, their stances towards this trade agreement was however far from being identical. Whereas the British government consistently signalled fervent support for signing the trade agreement, the German government however, despite initially expressing enthusiasm for the EU-Korea FTA its position noticeably varied throughout trade negotiations. As trade agreements affects societal actors differently, the country selection of Britain and Germany allows for highlighting the trade agreements’ potential opportunities and challenges; while certain societal actors were faced with the potential economic benefits and costs of the EU-Korea FTA, other societal actors had fundamental concerns about the role of government in steering the economy with regard to labour rights and protection of the environment. However, while both countries were confronted with these competing preferences, it is striking that the German governmental stance towards the trade agreement was much more ambivalent than the British governmental trade position.

2.2 Case Study Selection
The argument that governmental trade positions are shaped by domestic interests and ideas will be examined in the EU-Korea FTA negotiations case study. This has attracted ample scholarly attention, especially with regard to the negotiation processes and issues at stake.59

No attention so far however has been paid to analyse the domestic politics of the EU-Korea FTA negotiations within EU member countries, nor why these governmental trade positions varied. The importance of the EU-Korea FTA lies in that was the first trade agreement of the EU with an Asian country and the first new generation FTA which was concluded under the 2006 Global Europe trade strategy, signed in 2010 in the aftermath of the financial crisis (Box 1).

### Box 1. Timeline of the EU-Korea FTA Negotiations

<table>
<thead>
<tr>
<th>Date</th>
<th>Event Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>19 July 2006</td>
<td>1st round of EU-Korea preparatory talks</td>
</tr>
<tr>
<td>26 – 27 September 2006</td>
<td>2nd round of EU-Korea preparatory talks</td>
</tr>
<tr>
<td>6 December 2006</td>
<td>Commission approves draft mandate</td>
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<tr>
<td>23 April 2007</td>
<td>Council approves negotiation mandate</td>
</tr>
<tr>
<td>6 May 2007</td>
<td>FTA negotiations launched</td>
</tr>
<tr>
<td>7 – 11 May 2007</td>
<td>1st negotiation round</td>
</tr>
<tr>
<td>16 – 20 July 2007</td>
<td>2nd negotiation round</td>
</tr>
<tr>
<td>17 – 21 September 2007</td>
<td>3rd negotiation round</td>
</tr>
<tr>
<td>15 – 19 October 2007</td>
<td>4th negotiation round</td>
</tr>
<tr>
<td>19 – 23 November 2007</td>
<td>5th negotiation round</td>
</tr>
<tr>
<td>28 January – 1 February 2008</td>
<td>6th negotiation round</td>
</tr>
<tr>
<td>12 – 15 May 2008</td>
<td>7th negotiation round</td>
</tr>
<tr>
<td>23 – 24 March 2009</td>
<td>8th negotiation round</td>
</tr>
<tr>
<td>13 July 2009</td>
<td>Conclusion of negotiations</td>
</tr>
<tr>
<td>15 October 2009</td>
<td>FTA initialled</td>
</tr>
<tr>
<td>6 October 2010</td>
<td>FTA signed</td>
</tr>
<tr>
<td>17 February 2011</td>
<td>FTA approved by EU Parliament</td>
</tr>
<tr>
<td>4 May 2011</td>
<td>FTA approved by National Assembly of Republic of Korea</td>
</tr>
<tr>
<td>1 July 2011</td>
<td>FTA provisionally applied</td>
</tr>
<tr>
<td>1 October 2015</td>
<td>FTA concluded</td>
</tr>
<tr>
<td>13 December 2015</td>
<td>FTA entered into force</td>
</tr>
</tbody>
</table>

Source: Republic of Korea: Ministry of Foreign Affairs

This EU trade strategy primarily focused on market access expansion for exporters through FTAs and on trade policy’s contribution to improve the EU’s external competitiveness and help in delivering domestic growth and jobs (Commission 2006: 11). Korea had emerged as a priority partner for the EU and its aims of negotiating this agreement was to be comprehensive in scope, liberalise substantially all trade with regard to TBs and NTBs by ensuring or improving regulatory convergence, to go beyond current WTO provisions, and to promote sustainable development (labour standards and the protection of the environment) (European Commission 2006: 11).

What is distinctive about the EU-Korea FTA negotiations is that they were a response to the US-KOREA (KORUS) FTA and were thus motivated by “the dynamics of competitive trade liberalisation” (Van Loon 2013: 224) of the EU and the US in pursuing bilateral agreements with third markets. Also different compared to previously negotiated EU FTAs, the EU-Korea FTA negotiations made reference to societal values and was the first trade agreement to include a separate sustainable development chapter. The negotiations therefore did not only focus on market access issues, thereby affecting traditional trade actors but by covering traditional, commercial and social trade issues, this study thus allows for a comparative examination of the impact of societal preferences, both domestic interests and ideas, in governmental trade positions with regard to the agreement’s trade negotiations.

2.3 Plausibility Probe
It is important in the context of both case selection and case study selection to consider the generalisability of this study’s results. The choice of Britain and Germany as EU member governments and the choice of the EU-Korea FTA negotiations limit the generalisability of results to be applied to other EU FTAs. Hence, this study serves more as a “plausibility probe” (Dür 2007: 837; Levy 2008: 6) as it demonstrates that the societal approach to governmental preference formation can be usefully applied to show that societal preferences can determine governments’ trade positions. This case selection, however, is not designed to allow for generalisations as the EU-Korea FTA negotiations are not necessarily representative to all EU FTAs. Factors shaping the governmental trade positions may be different from other EU member governments, depending on the country-specific factors mentioned above, or on the trade partner country, or region, applied. Nevertheless, the theoretical framework and the empirical results of this study may well apply beyond the EU member governments and FTA partner subject to research here. Results can thus provide important pointers regarding the
societal preferences of governmental trade positions. However, it should be considered that if the study’s theoretical framework is extended to other EU policies, member governments, and target partners or regions, other influencing factors are likely to be at play and must be incorporated into the theoretical framework. Nevertheless, for all of these above mentioned reasons, Britain and Germany fulfil both of the conditions for case selection set out in King, Keohane and Verba (1994: 18); both countries are relevant in dealing with a “significant real-world topic” and capable of being operationalised to fill a gap in “a specific scholarly literature” and consequently provide helpful insights.

3. **Multi-Step Analysis**
This section presents a multi-step analysis in line with Carsten Mahrenbach (2013: 27) in order to provide a clear structure of the empirical analysis carried out in the case studies (Box 2). For both Britain and Germany, the analysis has been divided into four steps. This multi-step analysis is divided into the following steps: (1) Contextualisation of Independent Variables and Hypotheses, (2) Identification of Independent Variables, (3) Identification of Independent Variables’ Presence in Governmental Trade Positions and, (4) Testing Hypotheses and Determining Governmental Responsiveness Correlations. Here the relevant societal actors and the methods used in each step are discussed, as well as indicating the links in each step to the questions and variables examined in the study. This is followed by the methodological triangulation of three major, qualitative methods employed in this study: (1) discourse analysis, (2) public opinion polls and, (3) expert interviews.

<table>
<thead>
<tr>
<th>Box 2. Multi-Step Analysis</th>
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<tbody>
<tr>
<td><strong>Step 1</strong></td>
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<tr>
<td><strong>Step 2</strong></td>
</tr>
<tr>
<td><strong>Step 3</strong></td>
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<tr>
<td><strong>Step 4</strong></td>
</tr>
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</table>

Source: Author’s compilation based on Carsten Mahrenbach (2013: 27).

3.1 **Contextualisation of Independent Variables and Hypotheses**
The analysis begins with specifying the independent variables identified and defined in the previous chapter (*Chapter 4: Theoretical Framework: Societal Approach*) to the context of Britain and Germany. This means determining which domestic interests and ideas are most likely to appear within the context of these countries. For societal interests the analysis
consulted a large amount of economic data on each country’s trade policy, its trade relations with Korea prior to FTA negotiations and impact assessment studies specifically conducted by both lead departments of the UK and German government. For the British case study, most sources were researched online, whereas the German impact assessment study has been made available to the author on request by a BMWi representative. This data is then combined with findings presented in secondary literature. The goal here is not only to identify the most important societal interests in each empirical context, but also to shed some light on the various processes through which societal interests in each country communicate their preferences to the government. Additionally, doing so highlights the relative degrees of success the different groups supporting or opposing each interest have in shaping trade positions within their own national context.

To determine the relevant societal ideas in the first step of this multi-step analysis, the public opinion poll data on process ideas for each country were consulted. This poll data is not specific to any trade issue or to any trade partner because specific polls are not available with regard to the EU-Korea FTA. The choice to only focus on process ideas in this first step of contextualising the independent variable of domestic ideas is due to the fact that this type of idea focuses on the political process of decision making and dominant expectations about the conduct of government’s political decision making. It is thought to be of importance to, first of all, put these ideas of political process making into the context of Britain and Germany, before the actual political content, i.e. the dominant expectations of the government’s primary task in a given policy area, is to be analysed. Thus examining the attitudes towards how decision making in the domestic preference formation is made should come prior to investigating those attitudes on what is decided upon in the domestic preference formation process. More information regarding the use of poll data and expert interviews appears later in this chapter (Section 4.2 – Public Opinion Polls).

After specifying the independent variables, the findings from these analyses are then used to equally specify the theoretical arguments at the beginning of each chapter into specific hypotheses. Recalling these main hypotheses as stated in the Introduction and Theoretical Framework they link the prevalence of one independent variable in the domestic preference formation with specific conditions (impact on sector/issue at stake). The contextualisation of

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61 It should be noted here that both public opinion poll data regarding process ideas and content ideas is employed in this project. The difference between the two will be explained in Sections 4.2.1 Process Ideas and 4.2.2 Content Ideas.
the hypotheses (H1/H2) in Step 1 of the multi-step analysis, in contrast, link individual domestic variables (interests/ideas) with these specific conditions.

<table>
<thead>
<tr>
<th>British Multi-Step Analysis Domestic Interests</th>
<th>Germany Multistep Analysis Domestic Interests</th>
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<tbody>
<tr>
<td>Step 1 Contextualisation of Domestic Interests and H1</td>
<td>Contextualisation of Domestic Interests and H1</td>
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<tr>
<td>Step 2 Identification of Domestic Interests</td>
<td>Identification of Domestic Interests</td>
</tr>
<tr>
<td>Step 3 Domestic Interests’ Presence in British Governmental Trade Positions</td>
<td>Domestic Interests’ Presence in German Governmental Trade Positions</td>
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<tr>
<td>Step 4 Testing H1 and Determining Governmental Responsiveness</td>
<td>Testing H1 and Determining Governmental Responsiveness</td>
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<tr>
<th>British Multi-Step Analysis Domestic Ideas</th>
<th>Germany Multi-Step Analysis Domestic Ideas</th>
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<tbody>
<tr>
<td>Step 1 Contextualisation of Domestic Ideas and H2</td>
<td>Contextualisation of Domestic Ideas and H2</td>
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<tr>
<td>Step 2 Identification of Domestic Ideas</td>
<td>Identification of Domestic Ideas</td>
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<tr>
<td>Step 3 Domestic Ideas’ Presence in British Governmental Trade Positions</td>
<td>Domestic Ideas’ Presence in German Trade Positions</td>
</tr>
<tr>
<td>Step 4 Testing H2 and Determining Governmental Responsiveness</td>
<td>Testing H2 and Determining Governmental Responsiveness</td>
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Source: Author’s own compilation.

For the multi-step analysis focusing on the domestic interests in both Britain and Germany, hypothesis H1 will be specified and put into context of each respective country. Important to note here is that this hypothesis links the prevalence of the independent variable domestic interests with the specific condition **impact on sector**. The same is done for the multi-step analysis which focuses on the domestic ideas in Britain and Germany, where the hypothesis H2 is specified and put into context of each respective country. Again, this hypothesis H2 links the prevalence of the independent variable domestic ideas with the specific condition **issue at stake**. The purpose of this is to narrow down the general hypotheses in order to focus on a single national context, a single independent variable and a single condition. These hypotheses are subsequently tested by employing each case study’s empirical information. In the final chapter of this project, these hypotheses are then compared with the aim to illustrate which societal interests and ideas in British and German domestic preference formation correspond to governmental trade positions and why.
Although just having elaborated only on Step 1 for both Britain and Germany, in order to provide a systematic empirical analysis each step of the multi-step analysis is applied for each independent variable and for each country (Box 3).

3.2 Identification of Independent Variables
The theoretical framework applied in this project, the societal approach to governmental preference formation, assumes that the competition between societal actors shapes governmental positions. As previously mentioned in the *Theoretical Framework*, employment of the societal approach in this study seems interesting since its core premise, that demands of societal actors are reflected in the governmental positions, is not an undisputed assertion in reference to EU trade policy making. As a result, in addition to testing the theoretically based arguments in the empirical chapters, it is equally necessary to test the validity of this significant theoretical assumption. For this reason, a second step in the multi-step analysis is to determine societal preferences vis-à-vis the ideas and interests examined here for each individual country. Based on which variable is considered, this is done in two different ways.

Domestic interests are determined via discourse analysis of interest group commentary in the time leading up to and during the relevant negotiations, covering the two chosen negotiation phases for analysis; (1) the period leading up to the granting of the negotiation mandate and, (2) the actual course of negotiations up until the FTA was signed. The statements analysed are from national industry federations, sectoral associations and trade unions representing the domestic economic sectors expected to be affected positively or negatively by trade liberalisation, including from their respective representatives. According to Eising (2016: 187) national interest groups “are composed of individuals, firms, institutions or non-profit organizations, but can also operate as federations that aggregate other sectoral or regional associations”.

These sectoral associations investigated here fulfil the key requirements of interest groups set out by Beyers, Eising and Maloney (2008: 1106-1107). Specifically, these actors are organised, seek to influence policy outcomes and are not interested to compete in elections. Interest groups obtaining an organisational structure thus exclude unorganised broad social movements and public opinion (Klüver 2013: 5). The relevancy of sectors is determined based on the information gathered in Step 1 of the multi-level analysis and by reviewing
government and media statements related to the negotiation phases under scrutiny. Thus, statements stemming from national federations are also included in both country cases. These associations have the difficult task of finding a compromise position between sectors with diverse interests. As a result, statements from the national federations not only reflect inter-sectoral compromise positions but also indicate which group of supporters or opponents is best able to ensure their domestic sector’s position in the negotiations. Thus statements from these actors are an appropriate means of identifying the relevant societal interests in each negotiation scenario.

As seen in the section defining and describing the independent variable domestic interests, two opposing types of societal interests can be identified; those in favour of market liberalisation and those in favour of market protection. According to Aggarwal and Fogarty (2004: 7) four subtypes of societal actors compete as they aim to shape EU trade policy making by promoting their specific trade preferences. These four subtypes are: (1) export-oriented economic actors seeking market liberalisation in order to advance their competitive position and enter new markets; (2) import-competing economic actors relying on trade protection while increasing foreign market access; (3) economic actors such as trade unions wary of market liberalisation if this threatens workers’ well-being, and (4); societal actors such as NGOs generally opposed to market liberalisation if this threatens erosion of fundamental values and societal regulations.62 By using this division of different types of societal actors, Aggarwal and Fogarty (2004: 8-9) point to two dichotomies: market liberalisation vs. market protection and material interests vs. value-based ideas.

<table>
<thead>
<tr>
<th>Box 4. Actors and Preferences</th>
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<tbody>
<tr>
<td><strong>Interests</strong></td>
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<tr>
<td>Export-oriented actors</td>
</tr>
<tr>
<td>Import-competing actors</td>
</tr>
<tr>
<td>Trade unions</td>
</tr>
<tr>
<td>NGOs</td>
</tr>
<tr>
<td>Voters</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on Aggarwal and Fogarty 2004: 8-9.

62 See also Young 2016: 2.
Applying the societal approach to governmental preference formation means that, apart from these actors mentioned above, voters equally need to be included within the theoretical framework (Box 4). In contrast to domestic interests, domestic ideas are determined through a combination of public opinion polls on both process and content ideas from the time period surrounding the negotiation phases under scrutiny, and also from secondary literature. The relevant actors regarding societal ideas are voters and NGOs, who are assumed likely to punish politicians whose positions do not conform to their preferred ideas. As mentioned previously, poll data on process ideas, but also on content ideas is combined with secondary literature in each chapter to determine the most relevant ideas for societal actors regardless of trade situation, forum or partner.

In indicating which societal ideas are relevant for the re-election of a government depends on two aspects; commonality and specificity (Schirm 2009: 504). In line with the societal approach, the former can be divided into a high, moderate and low degree of commonality which refers to whether a societal idea is shared by a large, a majority or a minority of number of citizens. Specificity refers to whether a societal idea’s meaning is precise and can account for appropriate behaviour. Relevant societal ideas should thus indicate both commonality and specificity in order to shape governmental trade positions.

As is evident above, the relevant actors for the independent variable of societal interests are different from the relevant actors for the independent variable of societal ideas. Specifically, whereas national industry federations, sectoral associations and trade unions are considered in this study as a source for societal interests, voters and NGOs are considered as a source for societal ideas. It is acknowledged that the former certainly may have strong opinions related to societal ideas just as voters and NGOs may have strong opinions related to societal interests. In order to provide analytical clarity, establishing specific and distinct pathways for conveying societal interests and ideas to government actors in the multi-step analysis allows for testing both the hypotheses and the assumption of government responsiveness to societal preferences. The analytical separation of these two types of actors as sources of domestic preferences related to the two independent variables is thus consistently maintained throughout the empirical analyses undertaken in this project.
3.3 Independent Variables’ Presence in Governmental Trade Positions

Identifying the independent variables within governmental trade positions taken before and during trade negotiations is important as it allows an indication of the degree of correlation between the domestic preferences determined in Step 2 and governmental trade positions, to be determined in this third step of the analysis. Although a strong level of correlation is inadequate to establish a definitive causal relationship (Yee 1996: 72) between domestic preferences and the positions taken by the government, it is enough to make claims regarding the government’s responsiveness to these preferences. Admittedly, lobbying efforts or media publication of poll data themselves may not motivate government actors to take specific positions. Similarly, the domestic preferences identified in these sources may not reflect the real motivations of government actors in taking these positions. Even if both of these circumstances are true, however, the correlation nonetheless represents proof of an acknowledgment of these preferences by government actors as, based on the societal approach’s assumption of self-interest to remain in office, “politicians accountable to the populace give evidence for what they consider acceptable to crucial societal forces and therefore legitimate” (Schirm 2013a: 693). As a result, this will help shed light on the domestic preference formation process in both Britain and Germany.

The presence of the independent variables in governmental trade positions is identified through discourse analysis and refers to each country’s domestic interests and ideas determined in Step 1 of the multi-step analysis. The analysis is performed on statements made by elected and appointed government officials who play prominent roles in the domestic trade preference process of each country. According to Dorey (2014: 104) governmental departments “are the primary loci of most decision taking and policy making with the core executive”. This will be explained more in detail in the respective country chapters, therefore a brief overview of both countries’ lead departments (Bayne 2011: 46) should suffice.

The lead department responsible in the UK for the promotion of international trade currently is the Department for Business, Energy & Industrial Strategy (BEIS). In line with the time frame of this investigation, focus is on its predecessors the Department of Trade and Industry (DTI) which was renamed the Department for Business, Enterprise and Regulatory Reform (BERR) in June 2007, and the subsequent Department for Business, Innovation and Skills

63 Original emphasis.
(BIS) in 2009. This department internally coordinates and consults objectives on all key trade issues with the Foreign and Commonwealth Office (FCO). Depending on the trade issues concerned internal coordination and consultation, in order to enable the government to reach an internal common position (Bayne 2011: 56), also takes place with other departments, such as the Department for Environment, Food & Rural Affairs (DEFRA), the Department for International Development (DFID) and Her Majesty’s Treasury (HMT).

For Germany, research focuses on the Federal Ministry for Economic Affairs and Energy (BMWi) which is the lead ministry for the promotion of international trade. In line with the time frame of this study, focus here is on its predecessor, the Federal Ministry for Economic Affairs and Technology (BMWi). This ministry internally coordinates and consults its objectives on all key trade issues with the Federal Foreign Office (Auswärtiges Amt - AA). Due to the system of ministerial primacy and the fact that German trade policy decision making is highly fragmented (Howell and Hume 1992: 153), depending on the trade issues concerned internal coordination and consultation, in order to enable the government to reach an internal common position, also takes place with ministries such as the Federal Ministry of Food and Agriculture (BMEL), the Federal Ministry for Economic Cooperation and Development (BMZ) and the Federal Ministry for Labour and Social Affairs (BMAS).

The head of government, the Prime Minister (Britain), or Federal Chancellor (Germany), has no formal power but can take part in trade policy discussions in order to drive forward trade issues, or also to mediate inter-ministerial conflicts and can act as an arbiter (Bayne 2011: 56) which can have an effect on his/her re-election chances (Freund 2001: 233). Accordingly, government statements from several ministry officials and heads of governments of each country are taken from ministry homepages and legitimate news sources citing these actors, accessed either directly or via systematic searching of the LexisNexis media database. Details regarding the actual process of discourse analysis performed appears later in this chapter (Section 4.1 – Discourse Analysis).

3.4 Testing Hypotheses and Governmental Responsiveness Correlations

Testing the hypotheses entails examining the conditions argued in the two hypotheses H1 and H2 of each country. Based on the evidence of the two previous steps of the multi-step analysis, the study aims to determine the correlation between the independent variables and dependent variable. Testing these hypotheses in each particular empirical context equally
provides a determination of the degree of governmental responsiveness to societal interests or ideas. Important here is to link the country studies back to the hypotheses and to evaluate whether the empirical findings weaken or strengthen the correlations, as explained in the theoretical part. Central in the hypotheses is the concept of *prevalence* which in this study refers to a condition where one independent variable appears more prominent and more frequently in statements than the other independent variable. These indicators of prominence and frequency are based on simple mathematical criteria, in other words, the overall examination of the amount of statements reveals which independent variable is more prominently and frequently featured and incorporated into governmental statements, compared to the other independent variable.

The results from those two aforementioned analytical steps determine the degree of governmental responsiveness towards societal preferences. For the independent variable domestic interests, the material interests identified in the discourse analysis of interest groups statements are compared with these *same* particular interests appearing in statements of the respective governments. Comparisons are made regarding *content* and *frequency* and based on these aspects the degree (high, medium, low) of correlation between societal interests and governmental trade positions are identified. If the content and frequency of domestic interests in interest group statements highly align with the content and frequency of the *same* societal interests in government statements, then a high degree of correlation exists. The degree of correlation is medium when both content and frequency of domestic interests in interest group statements moderately align, or one domestic interest aligns high and the other domestic interest aligns low with the content and frequency of the *same* interests in either interest group or in government statements. If there is a low alignment between the content and frequency of domestic interests in interest group statements and those *same* interests in government statements, then a low degree of correlation exists.

For the independent variable value-based societal ideas, the degree of government responsiveness towards domestic ideas is determined in a similar way, the only difference being that domestic ideas are identified in public poll analyses and in statements of NGOs. Like domestic interests, these domestic ideas are then compared with these *same* particular ideas appearing in statements of the respective governments as identified in the discourse analysis. Based on the previously mentioned aspects *commonality* and *specificity* in Step 2 of the multi-step analysis, this is basically in line with the reference to *content* and *frequency*. 
The relevant domestic ideas can be divided into a high, moderate and low degree of commonality which refers to whether a domestic idea is shared by a large, a majority or minority of number of citizens. Specificity refers to whether a domestic idea’s meaning is precise and can account for appropriate behaviour. If the commonality and specificity of domestic ideas on public opinion polls highly align with the commonality and specificity of the same ideas in government statements, then a high degree of correlation exists. The degree of correlation is medium when both commonality and specificity of domestic ideas in public opinion polls moderately align, or one domestic idea aligns high and the other domestic idea aligns low with the commonality and specificity of the same idea in either public opinion polls or in government statements. If there is a low alignment between the commonality and specificity of domestic ideas in public opinion polls and those same ideas in government statements, then a low degree of correlation exists.

4. Primary Research Methods
As mentioned in the introduction part of this chapter, the combination of different research methods, a methodological triangulation (Dür 2008b: 569), is applied in this study. The aim of this triangulation of data and methods is to maximise the research design’s validity and relies on gathering information and data from discourse analysis, public opinion polls and expert interviews. The sections below informs on the significance of these methods and why they are applied.

4.1 Discourse Analysis
According to Chilton and Schäffner (2002: 3) “political activity does not exist without the use of language”. What governments say and to whom is an important tool in the policy making process of democracies, as governments’ political rhetoric and political activity can be awarded or punished by voters affected by appropriate or inappropriate governmental policies. Equally discourse can provide “abundant empirical evidence in the form of text and talk (Chilton and Schäffner 2002: 4). Regardless of whether or not politicians’ statements reflect true intentions or not, these statements do illustrate that politicians, aiming to remain in office, do give evidence for what they find is acceptable to societal actors (Schirm 2013a: 693). This argument also applies to appointed governmental officials whose positions are dependent on the governing head of government and thus indirectly dependent on equally fulfilling the interests of the government’s supporters policy positions. Statements of expert bureaucrats are not considered as they are neither decision makers nor are they accountable to
societal actors (Schirm 2009: 507). Thus, focusing only on elected and appointed officials, the connection between domestic preferences and governmental trade positions is underlined as theorised by the societal approach. This research method is therefore ideally suited for this study as it not only provides the opportunity to determine the conditions under which the British and German governments opt for a particular trade positions, but in addition, it provides a framework for determining the degree of correlation that exists between the independent variables of domestic ideas and interests, on one hand, and the dependent variable of governmental trade positions, on the other.

In this project, discourse analysis is used for two reasons. First, it is used to determine relevant domestic interests via the analysis of interest group statements and, second, it is used to determine the domestic interests and ideas (NGOs) relevant to government actors in the domestic preference formation process. All statements span the time frame leading up to the negotiations under review in each country study and throughout the negotiations themselves, thus including the two negotiation stages chosen; 1) the period leading up to the granting of the negotiation mandate and, (2) the actual course of negotiations up until the FTA was signed.

The importance of discourse analysis has been illustrated in the above mentioned multi-step analysis. In Step 2 for example, domestic interests are determined via interest group commentary. This interest group discourse is taken from statements and publications issued by national industry federations, sectoral associations and trade unions as well as from statements and publications issued, often posted on their various homepages. In addition, legitimate news sources citing spokespersons for these groups are consulted. These sources are gathered primarily through systematic searching of the LexisNexis media database. All of the sources from which statements are taken are publicly available in their original, published form. Consequently, the use of these sources underlines a transparency of information which corresponds to the link between domestic preferences and government positions examined here.

In Step 3, the presence of the independent variables was equally identified through discourse analysis. Governmental discourse is taken from statements and publications of elected or appointed officials in the lead department, or ministry, (Bayne 2011: 46) responsible for trade policy making and the relevant ministries, many of which are accessed on the relevant
ministries’ homepages. Equal to interest group discourse, legitimate news sources citing spokespersons were consulted as well as the use of the LexisNexis database. In this manner, the discourse analysis of government statements should provide a comprehensive and accurate representation of government positions throughout the negotiations and, consequently, also an accurate picture of the factors at play in each country’s domestic preference formation process. As such, discourse analysis is central to both the claims this study makes about government responsiveness as well as related to the hypotheses tested in the country studies in the empirical chapters. In order to evidence the results of discourse analysis the combination of other data sources and qualitative research methods is employed. The intention of this combination is to increase the plausibility of the results.

Regarding statement selection from both interest groups and governmental officials, the two opposing types of domestic interests, mentioned in the theoretical framework chapter should be recalled. These are market liberalisation and market protection; Market liberalisation is defined as expanding access to foreign markets through abolishing/reducing TBs and/or the role of NTBs. Market protection is defined as inhibiting others from expanding access to the domestic market by maintaining/increasing TBs and/or the role of NTBs.

<table>
<thead>
<tr>
<th>Domestic Interests</th>
<th>Exemplary key words</th>
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<tbody>
<tr>
<td>Market Liberalisation</td>
<td>Desire to increase trade</td>
</tr>
<tr>
<td></td>
<td>Actions to increase market access/trade</td>
</tr>
<tr>
<td></td>
<td>Actual/potential benefits of liberalisation</td>
</tr>
<tr>
<td>Market protection</td>
<td>Keep closed/close markets</td>
</tr>
<tr>
<td></td>
<td>Actions to decrease market access/trade</td>
</tr>
<tr>
<td></td>
<td>Actual/potential costs of liberalisation</td>
</tr>
</tbody>
</table>

Source: Author’s compilation.

Interest groups’ statements, whether of national federations, sectoral associations or trade unions, were collected by examining these on exemplary key words with regard to the particular goal of either market liberalisation or market protection (Box 5). Thus key words relevant to the goal of market liberalisation are those which indicate a desire to increase trade with the respective trade partner, or such words indicating actions related to increasing market access or trade, or also those detailing actual or potential benefits expected to result from trade liberalisation. Key words relevant to the goal of market protectionism include indicating a desire to keep closed or to close markets, or such words indicating actions related to
decreasing trade or minimising the negative consequences of trade liberalisation, or those highlighting the negative consequences expected to result from the liberalisation of trade.

Governmental discourse was taken from elected and appointed politicians mentioned in Step 3 from the multi-step analysis. Important to note for the analysis of governmental discourse and statement selection here is the consideration of the intervening variable, the change of government in both Britain and Germany. It should be investigated to which extent the entering of a new government into office has an impact on the countries’ trade positions. In this context it is important to remember that different governments may also involve different interest groups with divergent interests in decision making. Thus for example, did in the case of a change of government simultaneous the trade position change, it has to be questioned whether this change was attributable solely to the change of government or due to the impact of domestic actors’ preferences shaping the government’s trade positions.

4.2 Public Opinion Polls
Brooker and Schaefer (2006: 5) define public opinion as “the expressed attitudes and views of ordinary people on issues of public concern”. In this project, public opinion polls are used for two reasons. First, it is used to determine relevant domestic ideas via the analysis of public opinion polls and, second, it is used to determine the domestic interests and ideas relevant to government actors in the domestic preference formation process. As with discourse analysis, poll data spans the time frame leading up to the negotiations under review in each country study and throughout the negotiations themselves.

The importance of public opinion polls has been illustrated in the above-mentioned multi-step analysis. In Step 1 for example, domestic ideas are determined by consulting public opinion poll data with regard to process ideas for each country. In Step 2, domestic ideas are determined by public opinion polls on content ideas. Whereas with regard to process ideas, this poll data is not specific to any trade partner, public opinion poll data with regard to content ideas is specific to certain issues (trade and non-trade issues) but not specific to Korea as a trade partner as no specific public opinion surveys on the EU-Korea FTA are conducted. As mentioned earlier in the Theoretical Framework, public opinion polls are regarded as instruments able in conveying voters’ preferences to governmental actors (Kono 2008; O’Rourke and Sinnnot 2001). This underlines the linkage between democracy processes and trade policy: democracy leads to an increase in public influence which, according to Milner
and Kubota (2005: 112) in turn, leads to trade liberalisation. Although different publics might have different opinions, voters do discipline governmental actors and punish or award these for (in)appropriate behaviour. Public opinion data thus provides governmental actors with information about voters’ expectations. Consequently, applying public opinion polls as a research method in this study is thus ideally suited in determining domestic ideas. Both countries examined are democracies, stressing the theoretical assumption of the societal approach which states that governments in democratic systems are responsive to societal actors’ preferences because they want to be re-elected. Also, the domestic ideas likely to feature in public opinion polls on trade liberalisation reveal which ideas are more relevant to voters. As a result, employing public opinion polls to identify domestic ideas underlines the theoretical connection posited by the societal approach to governmental preference formation between domestic preferences and governmental policy positions, while simultaneously addressing the empirical conditions under which such a connection is likely to occur.

Literature has acknowledged some critique when employing public opinion polls (Brooker and Schaefer 2006; Rosenstiel 2005). ‘Polling’, another word for sample survey (Brooker and Schaefer 2006: 27), means that a specific sample of randomly selected people is asked their opinion about the issues being considered. This specific sample of people does not represent a country’s population and thus not the ‘national interest’ (Rosenstiel 2005: 705). The selected people however represent what the larger population thinks and their views can thus be generalised or “projected” to the entire population (Brooker and Schaefer 2006: 51). Another critique is that polling “is a snapshot in time of public attitudes and can change fairly markedly in a period of days” (Rosenstiel 2005: 705). Public polling thus occurs at a specific moment in time, which means that at a different time period, opinions can also diverge. The time frame of this study covers the years 2006 until 2009 however, when available public opinion polling from earlier years is applied when available, for example the Standard Eurobarometer is a longitudinal study which keeps most survey questions constant over many years, which makes data comparable over time. Both process and content ideas are determined in this study by consulting a combination of public opinion poll data. This will help in determining whether the opinions expressed represent path-dependent, long-term domestic ideas, or whether these are views expressed at a certain moment in time. Polls are taken only from respected, professional polling organisations. Further, sample size and composition were examined for each poll to ensure adequate representation of all geographical areas of the country and all socio-economic divisions.
In order to identify relevant domestic ideas shaping governmental trade positions, within the context of this project public poll data is divided according to the two types of domestic ideas as theoretically separated in the previous *Theoretical Framework* chapter. Process ideas relate to the *political process* and are defined as dominant expectations about the conduct of government’s political decision making. Content ideas relate to the *political content* and are defined as dominant expectations of the government’s primary task in a given policy area (Schirm 2009: 505), in this case trade policy.

### 4.2.1 Process ideas

Like the domestic interest variable, competing types of process ideas are to be traced, because one type of process idea identified for analysis is supposed to be comparable and should correspond to an opposite type of process idea. As not all democratic countries act the same way, process ideas are likely to vary regarding British and German voters’ expectations about the way governmental decision making process should be conducted. The opposing process ideas here are equal to those applied by the societal approach (Schirm 2009: 505) *majoritarian (competitive) oriented decision making versus consensus-based decision making*. These domestic ideas refer to previous research on contradictory ideas towards government-society relations (Eising 2009: 35-38) and have established themselves in an institutionalised codified form (Schirm 2011: 49) in Britain and Germany’s political system and culture. The majoritarian oriented decision making process refers to Great Britain as a pluralist system (Eising 2009: 33) which relates to the government acting like a referee and to ‘competitive’ decision making and the effort to compose ‘winner-takes-all’ coalitions during the policy formation (Schirm 2009: 509).\(^{64}\) The consensus-based decision making process refers to Germany as a corporatist system (Eising 2009: 33), and relates to the government serving as an intermediary and to ‘integrative’ decision making and the effort to include all (competing) societal groups during preference formation which seeks to shape consensus in order to adequately accommodate public and private actors (Schirm 2009: 509).

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\(^{64}\) These patterns are also present in the different varieties of capitalism (Fioretos 2001, 2012; Hall and Soskice 2001; Schmidt 2009; Windolf 2002). In a “competitive capitalism” (Windolf 2002: 51) a LME like Britain, firms accommodate their activities mainly via hierarchies and competitive market relationships, and is thus characterised by low levels of business coordination and state intervention. In a “cooperative capitalism” (Windolf 2002: 51) Germany classified as a CME, firms mainly strategically cooperate with others based on non-market arrangements, and is thus characterised by considerable business coordination and state intervention (Hall and Soskice 2001: 8).
Important to note here, is that respondents of public opinion polls are not directly asked about domestic ideas relevant to this study. The aggregate expectations determined however provide an indication of the extent to which a domestic idea is rooted in society. Empirical evidence with regard to opposing process ideas is for example the indicator market economy, concerning the market as a process driven predominantly by either private actors or the government. Also the indicator democracy can be applied in highlighting attitudes towards a democratic system in order to find out how supportive these attitudes are of this system and whether voters feel they are included in the opportunity to participate in the political process.

Regarding the way political decision making should be conducted and the involvement of societal groups’ participation, societal attitudes towards the concepts ‘democracy’, ‘solidarity’, ‘welfare state’ and ‘market economy’ are of significance. Opposing process ideas identified are ‘leadership’ versus ‘inclusive decision making’, ‘collective solidarity’ versus ‘individual responsibility’, ‘strong government responsibility’ versus ‘weak government responsibility’ and ‘trust in market forces’ versus ‘trust in governmental regulation’.

### 4.2.2 Content Ideas

Equal to the competing types of process ideas, this project also examines opposing content ideas for the same reason mentioned above: one type of content idea identified for analysis is supposed to be comparable and should correspond to an opposite type of content idea. Content ideas are also likely to vary regarding British and German voters’ expectations on the core task of the government with regard to trade policy making. The opposing content ideas here find expectations regarding whether societal attitudes are in favour of trade liberalisation or trade protection and whether they attach a high importance to social issues of trade. Particularly, the ‘material benefits of trade liberalisation’ is pitted versus the “social costs of trade liberalisation”. Exemplary for such content ideas are survey questions on free trade and...
its benefits in form of cheaper and more products, protection of the environment, and environmental growth versus economic growth. This is then complemented by statements of NGOs which primarily deal with sustainable development issues.

4.3 Expert Interviews

In general, experts are those who possess privileged access to information not available to the researcher due to their professional experience in a particular field (Meuser and Nagel 2009: 18). Bogner and Menz (2009: 54-55) clearly define the concept of expert as follows:

“An expert has technical, process and interpretative knowledge that refers to a specific field of action, by virtue of the fact that the expert acts in a relevant way (for example, in a particular organizational field or the expert’s own professional area). In this respect, expert knowledge consists not only of systematized, reflexively accessible knowledge relating to a specialized subject or field, but also has to a considerable extent the character of practical or action knowledge, which incorporates a range of quite disparate maxims for action, individual rules of decision, collective orientations and patterns of social interpretation. An expert’s knowledge, his or her action orientations and so on, also (and this is decisive) point to the fact that she or he may become hegemonic in terms of practice in his or her field of action”.

The importance of expert interviews has been illustrated in the above-mentioned multi-step analysis. Both in Step 1 Contextualisation of Independent Variables and Hypotheses and Step 2 Identification of the Independent Variables, for example, the relevant independent variables most likely to appear within the context of these countries are specified and identified. Expert interviews, when available, guide these steps as a means to access information relevant to this project, because an expert should be able to provide directions and offer instructions thereby providing a unique source for ‘inside’ information about the policy-making process” (Dorussen et al. 2005: 317). As such, the information provided for example, highlights the relative importance of sectors and actors within the governmental preference formation of a particular country and equally provides proof for the discourse analysis and public opinion data results.

Conducting expert interviews as a method to gain information is, according to Bogner et al. (2009: 2) an appealing option as “it can serve to shorten time-consuming data gathering process, particularly if the experts are seen as “crystallization points” for practical insider knowledge”. The expert interviews conducted in this project thus constitute opportunities to test the reliability of conclusion drawn from the theoretical framework including the
plausibility of hypothesised arguments. In this project, the experts chosen are selected according to Creswell’s (2013: 156) “purposeful sampling” being the “primary sampling strategy used in qualitative research [where] the inquirer selects individuals and sites for study because they can purposefully inform an understanding of the research problem and central phenomenon in the study”. As a result, interviewees are academics specialised in EU trade policy making, governmental actors as well as interest group representatives. The diversity of these selected experts ensures a variety of information data gathered.

In line with Bogner and Menz (2009: 46), two types of interviews are conducted, the explorative and the systematising type of interviews. The former type is employed to interview academics specialised in EU trade policy making. Interviews are not aimed at experts providing information on specific data but are viewed as being able to establish an initial orientation into the field of study, in this case EU trade policy making, especially with regard to the EU’s bilateral FTAs. As such, experts here are “deliberately used as a complementary source of information [and its] role is that of someone who possesses “contextual knowledge”” (Bogner and Menz 2009: 46). With reference to the topic of EU trade, interviews are thus largely conducted openly, though nevertheless structured by a few guiding headings of importance to the interviewer.

The systematising type of interview is more focused on gaining access, facts and knowledge of specific expertise and information “which has been derived from practice” (Bogner and Menz 2009: 47). As a consequence, this study’s interview partners are primarily governmental actors and interest group representatives. Opposite to the explorative type of interview, the expert’s role here is viewed as part of its function in the trade policy field. An expert here is viewed “primarily as a guide who possesses certain valid pieces of knowledge and information, as someone with a specific kind of specialized knowledge that is not available to the researcher” (Bogner and Menz 2009: 47). For this reason semi-structured interviews are employed allowing for an open framework with yet both general and focused questions on trade issues and the domestic preference formation process. However, not all questions are designed or phrased ahead of time. The majority of questions were created asked during the interview, allowing for both interviewer and interviewee to enter a more conversational two-way communication, the flexibility to discuss details or issues and ample space to express views.
For this study, one research trip allowed interviews to be conducted face-to-face. The research trip was financed by the RUB and took place only in both Germany. Littig (2009: 100) highlights the problems which can arise when trying to access experts for conducting interviews, with a long communication chain (involving secretaries, personal assistants or public relations departments) blocking direct access to experts and lack of interest in scientific research and lack of time, as the primary reasons for not being able to access experts. This especially proved to be a problem trying to conduct interviews with British experts. Unfortunately, a planned research trip to Great Britain did not occur as, after repetitive attempts, in the end no British experts replied to interview requests, neither per E-mail, fax or telephone.
PART III
CHAPTER 5: GREAT BRITAIN

This chapter will test the theoretical prepositions of the societal approach to governmental preference formation in the case study on the EU-Korea FTA negotiations, with Great Britain as the case study country. This chapter will first of all start with an introduction on Britain’s external trade policy and the societal actors involved in shaping its government’s trade positions. It will then continue with the application of the multi-step analysis as explained in the methodology part, Chapter 5 Section 3. The results are then discussed in the final section, which serves as a conclusion to this chapter.

1. Introduction

There is only a scarce amount of literature available on Britain’s external trade positions (Holmes 2005; Wills 2004; Young 2007). Only Ramsteck (2011) has dealt with a detailed elaboration of the domestic preference formation and the origins of the UK’s governmental trade position. Notwithstanding this rarity on sources, all authors agree that the UK is a spearhead in defending open markets and free trade. According to Holmes (2005: 7) Britain “has always been different from other countries” as it has, due to its continuous tradition of exporting, a unique position in advocating open markets with “a liberal or radical political tradition (...) that has embraced free trade for the United Kingdom itself”. According to Wills, it is quite obvious why “Britain is a beacon for free trade”, due to the UK being

“An island nation is always likely to be relatively open to the outside world. And the United Kingdom particularly depends on trade. 41% of its GDP is accounted for by trade” (Wills 2004: 74).

Given the UK’s heavy dependence on trade and investment for its future prosperity, rising protectionism would thus carry disproportionately negative consequences. As such global economic growth is of direct interest to Britain and keeping global markets open to foreign trade and investment will remain crucial to ensuring its economic strength (Niblet 2010: 6). According to Holmes (2004: 10), the DTI Trade and Investment White Paper perfectly illustrates the British trade position prior to the Global Europe trade strategy.

“At present, developed countries rightly stand accused of hypocrisy: preaching free trade to the rest of the world, imposing trade liberalisation upon developing countries through the IMF and World Bank, but keeping up their own trade barriers to protect their own agriculture and other special interests. Protectionism is expensive, inefficient and ultimately ineffective, damaging tax payers and consumer alike” (DTI 2004a: 10).
The UK government has been remarkable in promoting international trade liberalisation and, with a strong pro-development stance, has been voicing loud concerns over completion of the DDR (Wills 2004: 74).65 This linkage of free trade and pro-development stance, i.e. the perspective that trade can be an important means of boosting economic growth and lift people out of poverty, is at the centre of British trade policy (Holmes 2005: 8). This is illustrated by the fact that although the DTI was the lead department (Bayne 2011: 46), during the first years of the New Labour government, the Department for International Development (DFID) promoted the UK trade agenda, and lobbied for the opening of markets at home and abroad (Holmes 2005: 8).

The UK has applied a broad trade agenda, a so-called “post-material” trade policy agenda (Young 2007: 797), in which post-material values such as consumer safety and environment concerns are included. These trade issues bring in civil society groups pursuing other goals than the economically motivated market liberalisation (Ramsteck 2011: 93). The UK government even mobilised the pro-development NGOs in support of trade liberalisation (Holmes 2005: 9), which meant that the trade-development nexus has affected the trade politics of the UK, and ultimately reinforced the pro-liberalisation stance of the government (Young 2007: 801). Holmes finds that the British government truly believes that free trade is good for both the UK and also for the rest of the world, and that the government frequently transmits this position adequately in Brussels (Holmes 2004: 12), even though

“most of [British] trade policy is conducted in Brussels and it is a pretty centralised operation. In that sense the UK does not have a trade policy. Rather we have an input into EU trade policy made in Brussels” (House of Commons 2011: Ev 95).

Dr. Sally (London School of Economics) however, finds that this distinctiveness of the British trade positions is not always highlighted within the CCP, and argues that

“the reality is that under the last Government and previous Governments as well Britain was punching well below its weight [as] we left the field open to the French and others to take trade policy (…) in the wrong direction. Our priorities should be to be much more active in a much more targeted way in Brussels in setting our policy priorities. (…) On a whole host of these issues, Britain as a Member State should be leading because some of these issues are

65 See the open letters of Ian McCartney, Minister for Trade, Investment and Foreign Affairs which he wrote in July and September after the collapse of the DDR 2006, in which he states that “the UK Government has been consistently committed to achieving an ambitious, pro-development outcome to the negotiations taking every opportunity to press for this – within the EU and with other WTO members – and will continue to do everything it can to drive the talks forward and try to reach agreement” (DTI 2006a).
natural issues for us (…) but we are not playing that leadership role as we should be” (House of Commons 2011: Ev 96).

UK policy in the area of external trade is characterised by a clear and modest constellation of actors and interests (Ramsteck 2011: 94-109) which, as will be mentioned below, the number of societal actors participating in the Trade Policy Consultative Forum (TPCF) underlines. In line with the pluralist system, access to decision makers is not so well regulated and institutionalised as in a corporatist system, and in the former the government acts as a referee in trying to build minimum winning coalitions amongst competing fragmented interest groups (Eising 2009: 33-34). 66 As will also be illustrated below, the British trade positions are the expression of consultations between governmental departments, between the government and parliament as well as between the government and the various national interest groups and between the government and NGOs. Regarding the representation of the domestic interests and ideas in this project, only the interaction of the latter actors (but including trade unions and voters) will be analysed. Thus, the two central societal actors as applied by the societal approach will be analysed, interest groups and voters, plus two actors which have been identified by this study to be of equal central importance, trade unions and NGOs. All of these actors are assumed to play a role in shaping the UK governmental trade positions.

In line with pluralism, it has been noted that the UK government does not hear all “voices of business” (McRae 2005: 4) and provides privileged access to a particular selected audience (Grant 2001: 341). The characterisation of UK trade policy is thus accounted for by those societal actors’ which enjoy this privileged access to the government who compete for their specific interests to be generated in the UK governmental trade position. During the time period of this study, access to the government took mostly place within the framework of the TPCF. This forum was viewed as a “trade policy community” where a modest number of representatives from business interests, NGOs, trade unions, academia and the UK government (DTI, DEFRA, DIFD and HMT) met regularly and were given the opportunity to voice positions and provide or receive advice on all kinds of trade issues (House of Commons 2006c: Ev 60). The DTI website explains that

“The Forum provides an opportunity for us to listen, and to provide oral responses, with explanations of the Government's position. It also enables us to consider member’s proposals in formulating trade policy” (DTI 2007).

66 Not saying that access to decision makers is not regulated and institutionalised at all, but less than compared to the corporatist system. For more information see the German case study in this study.
Actors privileged to be attending the TPCF were, according to Ramsteck (2011: 94), on the one hand, the national federations, often representing a large number of different companies from different sectors of the economy, generally involved in the domestic preference formation regarding trade negotiations; the Confederation of British Industry (CBI), the International Financial Services Negotiations (IFSL) and the National Farmers’ Union (NFU). On the other hand, sectoral associations, focusing on individual economic sectors, such as the financial services or automobile industry, were for example represented by the British Bankers’ Association (BBA), TheCityUK and the Society of Motors Manufacturers (SMMT). Equally present was the Trades Union Congress (TUC) and an array of NGOs, mainly represented by War on Want, Friends of the Earth and Oxfam. All these are important societal actors in potentially shaping UK governmental trade positions, when they feel their interest are directly affected by external trade policy.

With regard to external trade, the most influential interest group is the CBI (Grant 2001: 339; McRae 2005: 7; Ramsteck 2011: 95) which, from a self-perception point of view, enjoys “excellent access to the UK government” (House of Lords 2004a: 14). It was involved in “close, frequent and intense” TPCF meetings (Grant 2001: 340; DTI 2007) and was a member of the DTI’s Management Board (DTI 2006d: 160). Traditionally, the CBI had a more concentrated focus on the manufacturing sector in its membership, and according to Ramsteck (2011: 97), it faced difficulties to act as a representative for the entire British economy, this including agriculture and the services sector. This can result in a certain ambivalence regarding the societal actors as the CBI has to represent both offensive and defensive sectors, and their respective interests in trade negotiations (Ramsteck 2011: 98). This ambivalence in turn, can create difficulties in reconciling and reaching an agreement internally (McRae 2005: 16). According to Woll (2005: 6) “a large association will constantly be challenged by the interest heterogeneity of its members”. By representing a large number of different companies from different sectors of the economy

   “size and heterogeneity of the CBI suggests that conflicts among the members, for example, between export-oriented companies in the service sector and companies from import-competing sectors (…) were likely” (Ramsteck 2011: 98).

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67 For other participants see DTI (2007).
68 CBI’s self-perception of influence: “The Confederation of British Industry (CBI) is the premier voice of UK business” (House of Lords 2008: 214).
69 “Clearly, the CBI represents farmers as well as manufacturing and services companies, and we tread carefully to make sure we take all of our business members with us” (House of Lords 2004b: 16).
70 See also House of Lords (2004: 14) and McRae (2005: 9).
It is argued however, that the reason why the CBI has secured this influence is obvious because the broad representation of UK business “makes it easy for the Government to go to them to get the business point of view – a kind of ‘one stop shop’ for the Government” (McRae 2005: 9).

 Mentioned previously but important to recall here is that policy making in external trade is attributed to the Prime Minister and Her Majesty’s Treasury (HMT) with the Chancellor of the Exchequer. The lead department responsible for international trade currently is the Department for Business, Energy & Industrial Strategy (BEIS). In line with the time frame of this investigation, focus is on its predecessors the DTI which was renamed the Department for Business, Enterprise and Regulatory Reform (BERR) in June 2007, and the subsequent Department for Business, Innovation and Skills (BIS) in 2009. Government departments with an interest in international trade negotiations are in frequent contact at official and ministerial level, to discuss and agree the UK trade position. Regular meetings of ministers and of officials, both at the working and senior level take place, to discuss all aspects of the UK’s position in relation to trade agreements. From a cross-governmental perspective, these representatives come from all trade-interested departments including, DTI, DEFRA, DFID, HMT and FCO.

2. Multi-Step Analysis – Domestic Interests
Now having provided an overview of Great Britain as a trade actor and the societal actors involved in the preference formation process, the following part of this dissertation will provide an in-depth empirical analysis of domestic preference formation in Britain by applying the multi-step analysis (Box 3). In line with the goals of this research, this section of the chapter will first explore the relationship between the independent variable, domestic interests and the dependent variable, Britain’s governmental trade positions. The same multi-step analysis will be conducted for the independent variable, domestic ideas and the dependent variable in the third section of this chapter.

2.1 Contextualisation of Domestic Interests and H1
The multi-step analysis begins with specifying the independent variable identified and defined in the theoretical framework chapter to the context of Great Britain. This means focus here is first on determining which domestic interests are most likely to appear within the context of this country during the EU-Korea FTA negotiation phases under scrutiny. In order to do so, it
is necessary here to recall the definition of this independent variable as stated in the theoretical framework chapter and insert it into the context of Great Britain and the EU-Korea FTA case study.

Domestic interests are material considerations of distinct UK economic sectors. These considerations can alter immediately in response to economic conditions that is, according to the short-term costs and benefits imposed on these domestic actors by trade liberalisation, i.e. the EU-Korea FTA.

This first step of the multi-step analysis is in contrast to the analytical steps which follow because these will focus on showing empirical results. In this first step, primarily findings from an ‘Impact Assessment’ (IA) study, conducted on behalf of BIS, are applied. This study examined the “economic impact of the proposed package of measures [EU-Korea FTA] on all sectors of the UK economy - including business, consumers and taxpayers” (BIS 2010b: 6) and was used by BIS in order to estimate the expected positive and negative distributional consequences of the EU-Korea FTA on domestic economic sectors. Based on this information, this subsection will specify the independent variable of domestic interests to the context of the UK within the time frame of the EU-Korea FTA negotiation phases under scrutiny; (1) the period leading up to the granting of the negotiation mandate and, (2) the actual course of negotiations up until the FTA was signed. The specification of the relevant UK sectors prone to be affected positively or negatively by the distributional consequences of the EU-Korea FTA will highlight those sectors expected to lobby the UK government. This in turn will then ultimately illustrate that actors appeared ambivalent between these domestic interests.

First of all however, it is of importance that this contextualisation of domestic interests starts to describe the role of Great Britain in the global economy and its fundamental significance for growth, competitiveness and employment. This section then leads to the UK-Korean trade relations and ultimately, those domestic sectors potentially affected by the EU-Korea FTA.

2.1.1 Great Britain in the Global Economy
In order to confirm the previously mentioned literature on Great Britain’s significant role as an international trade actor, data of the WTO which includes intra-EU25 trade illustrates that in 2006, Britain was the fifth largest trading actor with an overall share of 4.4 per cent of
world trade in merchandise (after the US (12.1 %), Germany (8.2 %), China (7.2 %) and Japan (5.0 %)) (WTO 2007a: 236). Regarding exports in trade in goods, Britain ranked number 7 of the leading exporters as its share of world merchandise trade in exports accounted for 3.7 per cent\(^{71}\) and it was on rank number 4 with regard to imports in trade with a share of 5.0 per cent\(^{72}\) (WTO 2007a: 12). In the period 2000 – 2006, its annual increase in exports was an average of 8 per cent, compared to the EU-25 average of 11 percent, whereas it annual increase in imports was 10 per cent which was almost equal to that of the EU-25 with 11 per cent (WTO 2007b: 11). In the same year, but regarding world trade in services, Great Britain was the second largest trading actor with a total world share of 7.4 per cent (after the US with a share of 12.9 %) (WTO 2007a: 238). With regard to exports in trade in services, Britain was the second leading exporter as its share of world trade in services accounted for 8.3 per cent (after the US with a share of 14.1 %), whereas it was ranked number three of the leading importers with a share of 6.5 per cent (after the US (11.6 % and Germany (8.3 %)) (WTO 2007a: 14). In the period 2000 – 2006, its annual increase in exports was an average of 11 per cent, compared to the EU-25 average of 12 percent, whereas the annual increase in imports was 10 per cent, equal to the EU-25’s annual increase (WTO 2007b: 12).

The UK is the one of the largest manufacturing country in the world and the sector is integral to the UK economy representing 14 per cent of GDP, and accounts for more than half of exports. Manufacturing represents the second largest sector in the UK economy, after financial services. There are many sectors of manufacturing – such as aerospace, electronics, pharmaceuticals, food production and biotechnology – where the UK is particularly strong. Although over 90 per cent of the businesses engaged in international trade and investment are small and medium-sized, large firms account for over 60 per cent of the value of exports (DTI 2006b: 16). Also, the UK is a base for more car companies than any other country in Europe. More than 70 per cent of production goes to Japan, the US and the rest of Europe. Manufacturing’s share of the total economy however has been in decline, so has its

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\(^{71}\) After Germany (9.2 %), the US (8.6 %), China (8.0 %), Japan (5.4 %), France (4.1 %) and the Netherlands (3.8 %) (WTO 2007a: 12).

\(^{72}\) After the US (15.5 %), Germany (7.3 %) and China (6.4 %) (WTO 2007a: 12).
employment primarily because services have grown more quickly over the years.\textsuperscript{73} The services sector now accounts for nearly 80 per cent of UK employment (DTI 2004a: 46).\textsuperscript{74}

Overall the UK economy is predicted to continue to be a net gainer from services trade liberalisation, in particular if a major GATS would be negotiated through the WTO (HM Treasury, 2005D). The UK government believes that the opening up of national markets to outside competition, not only in emerging economies in Asia, but also in the EU and the US is of great significance and thus a successful completion of the DDR, including financial services liberalisation, would be an enormous step (HM Treasury 2005: 29).

According to a study of Banks et al (2014), conducted on behalf of the Office for National Statistics (ONS), the composition of the UK economy has changed markedly over the last years, mainly due to a shift from manufacturing to services industries.\textsuperscript{75} In the period 2000 – 2009 for example, the share of UK GDP attributable to manufacturing industries declined from 20.8 per cent to 14.8 per cent.\textsuperscript{76} In contrast, the share attributable to services industries has risen from 72.3 per cent to 78.3 per cent of GDP over the same period (Banks et al. 2014: 10).\textsuperscript{77} In 2008, the services sector accounted for 8 out of every 10 jobs (DTI 2004b: 51). The gradual declining of the manufacturing industry shares and this result in change in the composition of the UK economy has been similar to other countries over the last years.\textsuperscript{78} The UK however has a lower share of GDP attributable to manufacturing industry (10 \%) than for example Germany, which is considerably higher (22\%) (Banks et al. 2014: 12). Some industries account for a relatively larger share of GVA in the manufacturing sector. In 2006 the following five major industries were the main contributors to total manufacturing (Table 1); (1) food, beverages and tobacco, (2) pulp, paper and paper products, (3) chemicals and man-made fibre, (4) electrical and optical equipment and, (5) transport equipment. In line with the falling share of manufacturing in total output, almost all of these saw their shares of total UK output decline over the period 1996 – 2006.

\textsuperscript{73} Large job losses have occurred in manufacturing, which lost 3.4 million jobs between 1978 and 1993 (DTI 2004b: 47).
\textsuperscript{74} It is however important to note that “the boundary between manufacturing and services is becoming hazy” (DTI 2004a: 46).
\textsuperscript{75} See also DTI 2005.
\textsuperscript{76} In 1948, this share of GDP was at 41 per cent (% nominal GVA). This share also includes oil and gas extraction, and energy and water utilities.
\textsuperscript{77} In 1948, this share of GDP was at 46 per cent (% nominal GVA).
\textsuperscript{78} This ONS study particularly refers to the G7 countries (France, Germany, Italy, UK, US and Canada).
Table 1. Major Manufacturing UK Sectors

<table>
<thead>
<tr>
<th>Sector</th>
<th>Output (GVA) share (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food, beverages and tobacco</td>
<td>2.9</td>
</tr>
<tr>
<td>Pulp, paper and paper products</td>
<td>2.6</td>
</tr>
<tr>
<td>Chemicals and man-made fibre</td>
<td>2.3</td>
</tr>
<tr>
<td>Electrical and optical equipment</td>
<td>2.6</td>
</tr>
<tr>
<td>Transport equipment</td>
<td>2.1</td>
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<table>
<thead>
<tr>
<th>1996</th>
<th>2006</th>
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<tbody>
<tr>
<td>2.0</td>
<td>1.7</td>
</tr>
<tr>
<td>1.5</td>
<td>1.3</td>
</tr>
<tr>
<td>1.4</td>
<td></td>
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</tbody>
</table>

In contrast to the decline of the manufacturing sector, the UK services sector has grown in importance. This can partly be attributed to high growth in ‘business services and finance’. In the time period 2000 – 2007, these industries have seen an increase of GDP from 25 per cent to 30 per cent (Banks et al. 2014: 15). A rising share of GDP attributable to services industries has been observed in several countries, with the exception of Germany. This share has risen the fastest in the UK, which can in part be explained by the substantial increase in the relative size of the UK financial services industry. The UK economy has long had a relatively high share of financial services however, between 2000 and 2009, this share rose relatively fast. UK financial services accounted for roughly 5 per cent (5.2 %) in 2000 and almost ten per cent (9.7 %) of GDP in 2009. Germany’s share of GDP attributable to financial services was 3.9 per cent in both 2000 and 2009. In the years from 2002 until 2004 there was a slight increase which almost reached the 5 per cent mark (4.7 %) but this share decreased, with Germany having the lowest share of GDP to be accounted for by financial services (3.9%) (Banks et al. 2014: 15). Due to the financial crisis however, this share fell by 2.9 per cent, while the share in other countries remained broadly stable.

The balance between the exports of trade in services and goods has continued to shift in favour of the latter. Figure 1 illustrates that commencing the EU-Korea FTA negotiations (2007), the proportion of the UK trade in goods and services balance stood at more than 60 per cent for goods and almost reaching 40 per cent for services. In 2009, this balance was exactly mirrored, as these proportions altered with trade in goods standing at slightly less than 60 per cent in relation to trade in services just being over 40 per cent. According to the DTI (2006a: 3) this “reflects a structural shift in the UK economy”. Taken together, data from the 2014 study by Banks et al. and from the ONS 2011 suggests that, in comparison with

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79 In 1948, this share of GDP was at 5 per cent (%nominal GVA). Figures from 2009 were not available here.

80 Compared to the remaining G7 countries analysed in this ONS study.
Germany, the UK’s trade position is far less dependent on the manufacturing sector but is therefore highly dependent on the services sector.

Figure 1: Balance UK Trade in Services and Goods

![Graph showing trade in services and goods from 2001 to 2011.](image)

With regard to main trading regions, Europe was the region Britain traded with the most; exports and imports of services accounted for a share of 51 per cent and 55 per cent (ONS 2006: 5) with France, Germany, Ireland and the Netherlands in respective order, these also being the UK’s main trade partners with regard to total trade in goods and services (Bundy 2007: 133). The Americas were on rank 2, with a share of 29 per cent and 27 per cent of exports and imports respectively, with the US being its most important country of exports (ONS 2006: 5). In 2006, Asia was the third most important trading region with shares of 15 per cent and 14 per cent of exports and imports, respectively (ONS 2006: 5). Important Asian trade partners with regard to total trade in goods and services in respective order, were Japan, China, India and South Korea, with Korea on rank 27 of Britain’s top trade overall export partners and rank 24 of its most significant overall import partners (Bundy 2007: 133).
2.1.2 UK – Korean Trade Relations

Although Japan, China and India were viewed as more popular markets in Asia, UK exporters had a gradual increase of interest in the Korean market.\[81\] After all, “it was the fourth biggest economy in Asia and, according to 2007 figures, as big as all the combined economies of countries in Southeast Asia” (Cherry 2013: 120). According to the BIS study, the government viewed Korea was a priority FTA partner due to its “dynamic growth economy with a large workforce and a skilled pool of labour, comparable to that of some of the EU economies” (BIS 2010b: 8). Equally, its situation in a competitive region with close ties to Singapore and Japan, who had equally expressed interest in increasing trade relations with the EU was of interest (BIS 2010b: 9). Also, the EU-Korea FTA was viewed necessary due to Korea signing bilateral FTAs with EU competitors. The BIS study stated that “we need to be careful that EU businesses are not left behind in receiving preferential access to this market” (BIS 2010b: 9). Conclusion of the EU-Korea FTA would provide UK business a competitive advantage over major competitors, such as the US and Japan which did not (yet) have operative FTAs in place with Korea. Trade relations between Great Britain and Korea were “strong and growing” (BIS 2010b: 10) nevertheless, existing barriers to trade in the form of TBs and NTBs created market failures, such as distorting the market price which in turn resulted in lower competition and less choice for consumers (BIS 2010b: 1).

<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Germany</td>
<td>10,056</td>
<td>1</td>
<td>Germany</td>
<td>11,365</td>
</tr>
<tr>
<td>2</td>
<td>Great Britain</td>
<td>5,635</td>
<td>2</td>
<td>France</td>
<td>3,219</td>
</tr>
<tr>
<td>3</td>
<td>Italy</td>
<td>4,286</td>
<td>3</td>
<td>Netherlands</td>
<td>3,026</td>
</tr>
<tr>
<td>4</td>
<td>Netherlands</td>
<td>3,609</td>
<td>4</td>
<td>Great Britain</td>
<td>2,977</td>
</tr>
<tr>
<td>5</td>
<td>Spain</td>
<td>3,479</td>
<td>5</td>
<td>Italy</td>
<td>2,916</td>
</tr>
</tbody>
</table>

Source: KITA\[82\]

Table 2 illustrates that with regard to trade in goods, Great Britain was the second most important import source and the fourth most significant export source for Korea. With 10.9 per cent share of UK total trade to Korea its performance was thus second behind Germany which had an export share of 25.5 per cent of total trade to Korea (BIS 2010b: 9). Regarding

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81 See House of Commons (Trade and Industry Committee/Business and Enterprise Committee) publications on ‘Trade and Investment Opportunities with China and Taiwan’ (September 2003), ‘Trade and Investment Opportunities with India’ (June 2006) and ‘Waking up to India’ (July 2008).
trade in services, Britain was Korea’s second largest trading partner in the EU as it accounted for 19 per cent of overall EU exports to Korea and 12 per cent of overall EU imports from Korea, also lagging behind Germany (Eurostat 2009: 3). In 2006, Britain had exported a higher share of goods (65%) than services (35%) to Korea. British exports to Korea came from those main industries in which British businesses were highly competitive internationally and as such the majority of goods between the UK and Korea consisted of trade in manufactured goods (Table 3).

Table 19 below illustrates that the majority of bilateral trade between Great Britain and Korea was machinery and transport equipment. According to the BIS study, Korea’s exports to the UK totalled to 80 per cent of bilateral trade which mainly encompassed machinery and transport, of which 70 per cent were intermediate goods (BIS 2010b: 15). Particular high levels of trade took place within particular industries, especially the automobile and electronics industry. Automobiles accounted for 9.6 per cent of Korean exports to Britain and medium and large vehicles accounted for two thirds of Korea’s automobile exports to the UK (BIS 2010b: 27).

<table>
<thead>
<tr>
<th>Table 3. Great Britain: Trade in goods with Korea (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>SITC Section</td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Total</td>
</tr>
<tr>
<td>0 Food and live animals</td>
</tr>
<tr>
<td>1 Beverages and tobacco</td>
</tr>
<tr>
<td>3 Min. fuels, lubricants and rel. materials</td>
</tr>
<tr>
<td>4 Animal and vegetable oils, fats and waxes</td>
</tr>
<tr>
<td>5 Chemicals and rel. products, n.e.s.</td>
</tr>
<tr>
<td>6 Manufactured goods classified by material</td>
</tr>
<tr>
<td>7 Machinery and transport</td>
</tr>
<tr>
<td>8 Misc. manufactured articles</td>
</tr>
<tr>
<td>9 Commodities and transactions, n.c.e.</td>
</tr>
</tbody>
</table>

Source: Eurostat.

According to the FCO, in 2006, UK exports to Korea were valued at US$ 2.976 billion and Korean exports to the UK US$ 5.635 billion. Major UK exports included whisky (US$ 222 million) and medicinal products (US$ 162 million). In the other direction, mobile phones (US$ 1.2 billion) and motor vehicles (US$ 609 million) were significant contributors to

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83 This data is from 2007 and for the EU-27 trade in services with Korea.
84 EU trade since 1988 by SITC, online data code [DS-018995].
Korea’s balance of trade with the UK (House of Commons 2008a). The BIS study stated that the top 15 UK exports to Korea made up 44 per cent of the total UK exports to Korea. These top 15 exports included, as just mentioned, for example the largest single product: whisky (7.4 %) (BIS 2010b: 16). This product enjoyed a large market access in Korea although it was faced with a high Korean tariff of 20 per cent. Removing these high TBs would increase UK exports of whisky to Korea. Electronics accounted for 9.5 per cent of exports to Korea and over 50 per cent of UK imports. Faced with relatively small TBs of 5.5 per cent, this industry mostly dealt with NTBs. Pharmaceutical products including medical devices accounted for 3.5 per cent British exports to Korea which faced TBs of 8 per cent and several NTBs (BIS 2010b: 12).

<table>
<thead>
<tr>
<th>Year</th>
<th>UK exports of goods to Korea</th>
<th>UK imports of goods to Korea</th>
<th>UK exports of services to Korea</th>
<th>UK imports of services from Korea</th>
</tr>
</thead>
<tbody>
<tr>
<td>2002</td>
<td>1,464</td>
<td>2,869</td>
<td>495</td>
<td>185</td>
</tr>
<tr>
<td>2003</td>
<td>1,462</td>
<td>2,616</td>
<td>462</td>
<td>186</td>
</tr>
<tr>
<td>2004</td>
<td>1,451</td>
<td>3,128</td>
<td>903</td>
<td>248</td>
</tr>
<tr>
<td>2005</td>
<td>1,640</td>
<td>3,084</td>
<td>712</td>
<td>254</td>
</tr>
<tr>
<td>2006</td>
<td>1,702</td>
<td>3,116</td>
<td>784</td>
<td>265</td>
</tr>
</tbody>
</table>


The BIS study recalls that trade in services played an important role in UK-Korean trade relations with financial and other business services accounting for over 50 per cent of UK exports (BIS 2010b: 19). Several UK firms had a strong presence in the financial services sector in Korea, particularly with Barclays Standard Chartered, HSBC and Prudential (House of Commons 2008a: Ev 67). Table 4 illustrates that in 2006, Britain exported £784 million of total services, of which £177 million of financial services and £193 million of other business services were exported to Korea. In turn, Britain imported £265 million of total services of which £50 million of financial services and £92 million of other business services were imported from Korea (Bundy 2007: 132) The UK had a comparative advantage mainly in financial and other business services, yet did not have much market access due to high barriers to trade. NTBs in specific prevented the British financial services sector from market entry, for example the restrictions on freedom of establishment.
2.1.3 Impact on Sector – Distributive Consequences of the EU-Korea FTA

Summarising, the BIS study helps in contextualising those British sectors potentially interested in a EU-Korea FTA and those affected by the distributive consequences of this agreement. The study highlights those sectors mostly involved in trade with Korea, their existing trade volumes and the TBs and NTBs faced by these sectors. From this information, it is possible to examine the potential distributional consequences of each respective sector, how the EU-Korea FTA would affect these positively or negatively and thus, whether these British sectors would potentially lobby the government for or against trade liberalisation in the EU-Korea FTA.

The EU-Korea FTA fully eliminated duties on almost 97 per cent of trade in all goods over a 5 year time frame which was, at the time, the most ambitious level of duty elimination achieved by the EU on previous bilateral FTAs, and was to substantially increase UK exporters’ market share (BIS 2010b: 14). According to the BIS study, the EU-Korea FTA would lead to costs entailing the loss of revenue to the UK from lower tariffs on its imports from Korea. The FTA would also lead to one off transitional or adjustment costs due the increase of Korean competition in the UK which could lead to losses of jobs and businesses. It was estimated that the electrical machinery sector output for instance could drop by around 9 per cent because Korea had a large competitive advantage and could provide an increase of competition to UK businesses (Copenhagen Economics and Francois 2007). This sector encompassed 3,290 companies with a gross value add (GVA) to the economy of £4,278 million and had roughly 96,000 employees. The BIS study calculated that if both GVA and employment would fall by 9 per cent, then over a period of ten years this would cost the UK £380 million and around 8600 jobs. It was believed however, that with the two Korean companies, Samsung and LG, already having a significant presence in the UK for years, that “the full impact here however is likely to be significantly less” (BIS 2010b: 12). Also, because this highly competitive sector has attracted many overseas suppliers, the BIS study concludes here that it would be these suppliers and not UK manufacturers which would feel the negative impact of a EU-Korea FTA (BIS 2010b: 12).

Negative impact of the FTA and increasing competition would however be felt by the advanced engineering sector, in particular industrial machinery. The UK exported most of its

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85 According to the FCO, Samsung and LG have been major investors in the UK. LG Electronics located their European Headquarters to Slough. The UK is also the centre for Samsung Electronics’ European operations (House of Commons 2008a: Ev 67).
machinery to Europe and its biggest competitor here was Germany. Machinery from either the UK or Germany however was viewed by customers as high value products, whereas, according to the BIS study, Korean products “still struggle to gain acceptance from customers in need of the highest possible quality” (BIS 2010b: 12). As the UK’s higher quality products were less price sensitive, there would not be much impact of the trade agreement here, although generally cheaper imports from Korea would potentially result in more competition, which in turn would have an impact on UK sales.

Also in the advanced engineering sector, the British automobile sector believed that it would be adversely affected by the agreement. On the one hand, the FTA would immediately eliminate the 8 per cent TBs on UK imports. On the other hand however, international standards would be acknowledged which meant that British car makers would not need to modify products to adhere to South Korean standards. According to the BIS study, this UK sector encompassed 3,400 companies with £52 billion sales amounted to around £11 billion GVA and employed roughly 180,000 people. Nevertheless, at the time of the EU-Korea FTA negotiations, the automobile sector in the UK was dealing with the recession and subsequent scrappage schemes. The BIS study acknowledged that the automobile sectors believed it would be negatively affected by the FTA but downplayed these concerns because, whilst Korean production concentrated on budget models, the UK primarily manufactured upmarket products. The budget models, such as Hyundai and Kia were largely produced in the EU (Hyundai in the Czech Republic and Kia in Slovakia) and hence not part of the EU-Korea FTA. According to the BIS study, minimal negative impact of the EU-Korea FTA would, similar to the electrical machinery sector, not be felt by UK companies, but rather by low cost suppliers (from China or India) to the UK who would face increased competition from Korean imports of car parts (BIS 2010b: 13).

Benefits of the EU-Korea FTA would most prominently be felt by the UK services sector (Copenhagen Economics and Francois 2007: 29). The BIS study illustrates that the UK had a comparative advantage as it was particularly strong in trade and services and Korea was weak. This particular advantage for the UK over Korea also counts for the UK’s comparative advantage in the services sector over other EU member states. Opportunities in this sector were to be found especially in financial services, telecommunications, legal services and other business services. Significant high NTBs in these sectors have led to only a small penetration of the Korean market. According to a 2008 Chatham analysis (Rollo 2008: 5) is it less easy to
quantify trade protection directly in the services sectors since there are no direct tariffs to measure. Rather, NTBs, i.e. commercial regulation in the services sector provides trade obstacles, whether deliberately or effectively as an unintended by-product of the regulation. For example, lack of recognition of foreign qualifications in the legal or medical professions is seen as consumer protection rather than as a trade measure. The 2007 Copenhagen Economics and Francois study made some indirect estimates of levels of service protection and estimated a tariff equivalent of 17 per cent against imports of services into the EU and 46 per cent for imports into Korea (Copenhagen and Francois 2007: 29). These figures are substantially higher compared to the levels of trade protection towards the manufacturing sector. This thus suggests “that some regulatory approximation or mutual recognition of regulatory norms could generate increased trade and economic benefits” (Rollo 2008: 6) to the UK. The EU-Korea FTA was thus viewed by the UK government as a “building block” which “will significantly improve on Korea’s current WTO-GATS commitment and its offer in the ongoing DDA negotiations” (BIS 2010b: 19). During trade negotiations, NTBs were a major priority for the UK government to be eliminated and harmonisation of Korean safety and testing standards with international standards were to increase transparency on Korea’s regulatory processes and make these more accessible to British firms. This would thus result in new market access and easier operation for UK companies in these above mentioned services sectors (Cherry 2017).

The EU-Korea FTA would result into an increase of exports of services, and lower prices from increased imports, particularly in the manufacturing sector. This would lead to benefits to the UK estimated to result in a net annual welfare gain to its economy of around £0.5 billion. Gains from duty elimination would be significant with UK exporters of industrial goods to Korea saving around £75 million (BIS 2010b: 13). The full impact of the benefits would however be realised after 5 years, as the liberalisation of more sensitive products and respective TBs and NTBs would occur in stages (duty elimination of non-agricultural tariffs at years zero or four; agricultural tariffs after 3, seven years or longer). All in all, the EU-Korea FTA was only viewed positive by the UK government and “would radically alter the way Britain did business with Korea” (Cherry 2013: 122).

The section has shown that conclusion of the EU-Korea FTA for the UK resulted in the benefits from this agreement dominating the costs. The costs considered here were lower tariff revenues from Korean imports and costs relating to negative aspects of competition (BIS
The benefits however outweighed these costs tremendously. Expected benefits to the UK were a welfare gain to its economy from the liberalisation of TBs and NTBs. UK businesses would increase export opportunities and both businesses and consumers would benefit from positive externalities from the increase in competition. This in turn would result in productivity and efficiency gains, lower prices and higher wages (BIS 2010b: 2). The BIS study concludes that the EU-Korea FTA was to be adopted as “the FTA has extensive benefits to both UK industry and the consumer” (BIS 2010b: 1). It would boost growth and jobs and agreement of the FTA before the KORUS ratification would provide UK companies with a first mover advantage over the US (Manger 2009: 16). Adoption of the FTA was “the government’s preferred option and the one being taken forward” (BIS 2010b: 1).

Summing up, this first step of the multi-step analysis has dealt with determining which domestic interests were most likely to appear within the given context by EU-Korea trade liberalisation. Secondly, it has revealed which of these sectors were expected to have positive and negative distributional consequences, or both, due to the EU-Korea FTA. The financial services sector was faced with positive distributional consequences only and thus lobbying for trade liberalisation was expected from this sectoral ‘winner’ of the EU-Korea FTA. Lobbying the UK government in favour of trade liberalisation was also expected from those ‘winning’ sectors of the advanced engineering sector most probably faced by positive but modest distributional consequences of the EU-Korea FTA. Although not selected by the UK government as a sectoral ‘loser’ of the EU-Korea FTA, the UK automobile sector felt threatened by the trade agreement, because although it faced potential positive distributional consequences (market access through elimination of TBs and NTBs) it also faced negative distributional consequences (increase of competition from Korean imports through elimination of TBs). Due to the difficulty of tackling existing NTBs, this sector expected an overall negative impact of the EU-Korea FTA.

2.1.4 Specification of H1
As mentioned in the methodology chapter, the first step of the multi-step analysis includes, after contextualising the independent variables, that the findings from this first step are then used to equally specify the theoretical arguments at the beginning of each section into a

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86 Moving first in an FTA with Korea provides UK companies the opportunity of market share gains in comparison to the US.
specific hypotheses. The purpose of this is to narrow down the general hypotheses in order to focus on a single national context. Recalling these main hypotheses they link the prevalence of one independent variable in the governmental preference formation process with a specific condition, either the \textit{impact on sector} or the \textit{issue at stake} (see Chapter 4 \textit{Theoretical Framework: The Societal Approach}, Section 2.2 \textit{Conditions for Prevalence}). The specified hypotheses link individual societal interests or ideas with these specific conditions within the context of the country selection, in this case Great Britain. For this reason and in order to subsequently conduct both the second and third step of the multi-step analysis, the general hypothesis H1 featuring the independent variable of domestic interests needs specification.

Recalling the condition \textit{impact on sector}, and in line with the societal approach, the general H1 states that when specific trade liberalisation issues focus on distributional concerns, domestic interests will dominate ideas in shaping governmental trade positions (\textit{Theoretical Framework}). Thus, the condition \textit{impact on sector} means that if a domestic economic sector is directly affected by trade liberalisation issues which imply short term cost-benefit calculations for specific and well-organised societal interests, this will lead to intense lobbying and domestic interests will prevail in shaping governmental positions. Based on the findings in the previous first step of contextualisation the independent variable of British domestic interests within the EU-Korea FTA context, the general H1 will be specified.

In line with the societal approach, but applied and adjusted to the context of this chapter’s country, the respective specification of this hypothesis accordingly claims that \textit{when distinct UK economic sectors are directly affected and changes in economic conditions are to be expected due to specific EU-Korea FTA trade liberalisation issues, then these domestic interests will prevail in shaping the UK governmental trade position because distributional concerns will dominate domestic preference formation and the lobbying of potential sectoral winners and losers, in favour or against trade liberalisation, will be intense.}

2.2 Identification of Domestic Interests
After having specified the independent variable to the empirical context which has revealed the potential British sectors mostly affected, both positively and negatively, by the distributional consequences of the EU-Korea trade agreement, the second step of the analysis now continues with the identification of the independent variable, domestic interests which were prone to advance and defend their interests through lobbying their government to adopt
their preferred trade position. As mentioned in the methodological part of this study, domestic interests will be determined via discourse analysis of interest group and trade union commentary covering the two chosen negotiation phases for analysis. The statements analysed are from both national umbrella federations as well as individual sectoral interest groups representing the domestic economic sectors which have been specified to be affected positively and negatively by EU-Korea trade liberalisation in the first step of the multi-step analysis. These national umbrella federations have the difficult task of finding a compromise position between sectors with diverse interests. As a result, statements from these federations not only reflect inter-sectoral compromise positions but also indicate which group of supporters or opponents is best able to ensure their domestic sector’s position in the negotiations. Statements from these actors are an appropriate means of identifying the relevant domestic interests and this step of identifying this independent variable will show that in the negotiation phases under scrutiny, British domestic interests were ambivalent towards the EU-Korea FTA, corresponding to the findings of these interests highlighted in the previous step of the multi-step analysis. Also, this will illustrate that in the domestic preference formation “ultimately, there weren’t huge numbers of actors involved, and the most vocal from my sense were financial/professional services lobbyists from the City” (Siles-Brügge 2017).

2.2.1. British Umbrella Business Associations
In 2006, with regard to the Global Europe communication, UK industry made considerations of how to respond to the WTO stalemate and the increase of bilateral FTAs. As this section will show, this mainly boiled down to UK umbrella business associations giving up the sole dominance of multilateralism in trade policy as they actively started to support FTAs, particularly focusing on the Asian region. UK federations under scrutiny in this section are those representing the domestic economic interests of the sectors which have been specified in Step 1 of the multi-step analysis. It should be recalled here that this project aims to complement the societal approach by adding trade unions as sources for domestic interests. Thus apart from domestic interest groups, trade unions are also considered as sources for domestic interests. This section will not provide an exhaustive list of all British umbrella

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87 E-mail correspondence (28 June 2017) with Associate Professor Gabriel Siles-Brügge (Warwick University).
88 An important aspect to keep in mind here are the DDR negotiations which officially started in November 2001 with a deadline of a successful conclusion by January 2005 (WTO 2001). Faced with an impasse in 2003, negotiations were resumed at the end of July 2004 and were formally suspended in July 2006 (WTO 2006; Wolf 2006). In February 2007, talks resumed until they broke down again at the end of July 2008. EU-Korea FTA negotiations thus took place during an uncertain future of negotiations at the multilateral level.
business associations most probably having been affected by the EU-Korea FTA. Only those associations are under scrutiny here which represent the sectors identified in the previous section to be directly affected by the EU-Korea FTA. This section has illustrated that all sectors, bar one were to be positively affected by the EU-Korea FTA. The following national umbrella federations will be examined; the International Financial Services London (IFSL), the Confederation of British Industry (CBI), the Trades Union Congress (TUC), the (British Banking Association (BBA), TheCityUK, the Scotch Whisky Association (SWA) and the Society of Motor Manufacturers and Traders (SMMT).

International Financial Services London (IFSL)

IFSL is a member-based cross-sectoral organisation which represents the whole of the UK-based financial services industry. IFSL’s Liberalisation of Trade in Services (LOTIS) Committee was set up in the early 1980s when services were first included in the GATT Uruguay Round. The Committee comprises senior representatives from UK-based financial services sector and related professions and businesses. It is the established cross-sectoral voice for UK financial services in connection with both EU trade policy and WTO affairs. The IFSL favoured trade liberalisation within the GATS framework of the WTO but was aware that DDR negotiations evolved slowly mainly because services liberalisation would involve changes to countries’ domestic laws and regulations. With the DDR facing challenges and the prospects of conclusion being uncertain, the IFSL found it important for the UK to express strong support for trade liberalisation. IFSL regarded that

“a successful conclusion to the current Doha Round - which means a conclusion that adequately reflects the importance of services – as being of the highest importance” (House of Commons 2008a: 101).

With financial services representing 10 per cent GDP of the UK economy, the IFSL believed that financial services were a priority of UK trading and no other EU Member States’ financial services sector would come close to being as prominent or successful as that of the UK. Even though a multilateral approach to liberalisation in services remained important, the IFSL thought that bilateral FTAs, which became increasingly common, were to be accepted as belonging to the trade landscape. In line with the Global Europe trade strategy, the IFSL believed that EU trade policy was to contribute to economic growth and prosperity and stated that the liberalisation of trade in services through bilateral FTAs is necessary.

“As long as it remains necessary to seek further liberalisation to unlock the full economic potential of the UK financial services sector, it would be irresponsible not to seek all avenues where progress can be made, and IFSL
therefore sees an important role for bilateral negotiations” (House of Commons 2008a: 102).

Important in the EU-Korea FTA, the IFSL thought of the need for financial services businesses to be able to protect and freely use internationally-known business names. Equally of significance had been the data transfer restrictions imposed by Korea which meant that financial firms were to establish branches in Korea in order to be able to process data, which inevitably severely undermined the competitiveness of UK based financial service suppliers in the Korea market (Siles-Brügge 2014: 11).

During EU-Korea FTA negotiations, the IFSL was disappointed that some European manufacturing groups opposed a deal and were calling for negotiations to be suspended. John Cooke, Chairman of the group’s Liberalisation of Trade in Services (LOTIS) committee said “With the first contraction in world trade for many years, it is all the more important that trade-expanding agreements of this kind should be negotiated and brought into effect” (Reuters 2009).

Cooke said it would be commercially wrong to slow down or abandon the talks as this would equally send a signal that the EU was ready to turn away from opportunities in goods and services that were on offer.

“That would be a huge mistake, at the very moment when trade negotiators should be doing their utmost to advance the cause of maintaining and expanding global trade” (Reuters 2009).

**Confederation of British Business (CBI)**

The Confederation of British Industry (CBI) is voice of UK business, speaking for around 240,000 companies and 150 trade associations. Its membership stretches across the UK, with businesses from all sectors and of all sizes. Through their worldwide trading activities, UK businesses contribute 25 per cent of UK GDP (CBI 2010).

The CBI believes that a rules-based multilateral trading system is the most efficient way for all WTO members to achieve the largest possible level of ambition in the DDR, in order to eliminate TBs in industrial goods, to create market access in services and to improve an international regulatory environment which would benefit both developed and developing countries (CBI 2010). Notwithstanding this preference of the multilateral approach in trade policy, the CBI was strongly in favour of the Global Europe communication as it endorsed “an open and progressive trade policy seeking to enhance European competitiveness” (House
of Commons 2008a: 217) which would contribute to boosting growth and the creation of jobs. The CBI viewed bilateral FTAs as a type of “building blocks” by stating that

“the long-term aim of these agreements should be to translate the liberalisation achieved in FTAs to the global level, since the benefits of liberalisation are most effective when applied multilaterally” (CBI 2010).

Bilateral FTAs would provide new market access for businesses by reducing or eliminating TBs and NTBs, including the restrictions on service providers by harmonising international standards (CBI 2010). The CBI acknowledged the potential negative effects of bilateral FTAs, potentially creating trade diversion rather than trade creation and insisted on such trade agreements to be WTO compatible. Also, as these agreements were to give priority to economic objectives whereas the inclusion of social trade issues, such as labour and environmental standards would only complicate trade negotiations (House of Commons 2008a: 217; CBI 2010). Bilateral trade agreements were however viewed by the CBI as beneficial as NTBs could be tackled and process on regulatory issues, such as services could be addressed more intensely than on the multilateral level. All in all, the CBI stated that bilateral FTAs should be applied as “building blocks” in order to support and supplement the multilateral approach. However, these

“must be firmly based on the need to enhance the competitiveness of European companies in the world economy. The long-term aim of these agreements should be to translate the liberalisation achieved in FTAs to the global level, since the benefits of liberalisation are most effective when applied multilaterally” (House of Commons 2008a: 217).

The CBI represented both the interests of firms interested in the liberalisation of goods and also those keen on services liberalisation. For this reason, it stated that FTAs “must take proper account of the potential benefits and costs to all [UK] sectors (...) and should seek to balance offensive and defensive interests” (CBI 2010). With regard to liberalisation of trade in goods, the CBI believed that FTAs should liberalise substantially all trade as required by the GATT Article 24, meaning no less than 90 per cent by range of tariff headings and volume of trade, both in agricultural and industrial goods (House of Commons 2008a: 217). With regard to services liberalisation, given the importance of the services sector to the UK

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89 See also House of Commons 2011: Ev 165).
90 The CBI was not in favour of including social trade provisions in EU FTA negotiations. “There is no need for substantive provisions on labour standards in FTAs. A commitment to comply with ILO Conventions etc is fine but, in general, these matters should be dealt with at the ILO” (Bourgeois et al. 2007: 55). “Provisions on non-trade issues, such as environmental policy, should not be included in FTAs. The latter should focus on expanding trade, which in turn leads to economic growth and promotes sustainable development (Bourgeois et al. 2007: 92).
economy, bilateral FTAs were to secure services liberalisation “to be as ambitious as the liberalisation in goods, keeping in line with the GATS Article 5 and that the Most-Favoured-Nation (MFN) is applied in future market access” (House of Commons 2008a: 221). CBI Director of International and UK operations, Andy Scott stated the CBI’s preference of the DDR “which could be a real fillip and a boost to world trade” but he equally mentioned that the CBI does not want a concluded DDR at all costs as he continued saying that it is of importance “to get the right Round, you have to make sure that in any concluding agreement there is genuinely reciprocal, opened access right across the spectrum of products and services that are being negotiated” (House of Commons 2011: Ev 34).

Regarding the choice of FTA partners, the CBI told Trade Minister McCartney that an EU-India FTA would be of great significance to British business.

“Our understanding is that the EU is now working towards bilateral with ASEAN and Korea. India seems to be their third priority. This doesn’t appear to fit with the broad interest of UK business (TPCF 2006a).

With regard to the EU-Korea FTA, the CBI noted that it supports a WTO-compatible FTA with Korea which is ambitious in terms of product coverage and liberalisation and should be fundamentally based on economic criteria and on reciprocity in order to ensure fair access to the Korean market (CBI 2010). Considering Korea’s bilateral trade negotiations with the US, the EU-Korea FTA should secure a minimum level playing field for companies covering all Korean sectors where trade liberalisation is enjoyed by its main competitors. Important barriers to trade are TBs, but of more importance are NTBs as an increasing trade barrier. From the beginning of negotiations, it should be made clear that no new NTBs will be introduced while trying to reduce or eliminate existing NTBs. UK companies face various administrative burdens when trying to do business in Korea and the EU-Korea FTA should enhance a transparent framework for technical regulations and standards using international harmonised standards. A ‘negative list’ approach should be applied and key area for negotiations with Korea would be the liberalisation of the services sectors where various barriers remain in the insurance, banking and legal markets. The CBI finds it of importance

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91 The ‘negative list’ approach requires specification of only those services for which a trade actor is not willing to provide market access and national treatment. Although the European Services Forum (ESF) was in favour of using the positive list approach, the EU negotiated the EU-Korea FTA thereby following the negative list approach (ESF 2006), which was equally applied by the US in negotiating the US-KORUS FTA (Cooper et al. 2011: 16).
that the EU-Korea FTA includes all four modes of WTO services liberalisation, including Mode 4\textsuperscript{92} CBI Director-General Richard Lambert stated

“there is huge potential for British companies selling goods and services to South Korea. UK firms need to be aware of such dynamic emerging economies. The FTA with South Korea is the most comprehensive agreement of its kind ever negotiated by the EU. It goes much further than World Trade Organisation commitments and eliminates 97 per cent of all tariff barriers within three years, many of these on day one. UK companies from areas as diverse as low carbon technologies and single malt whiskies stand to benefit” (FBT 2010).

\textit{Trades Union Congress (TUC)}

The TUC’s position on the Global Europe trade agenda was critical. It has actively spoken out against this trade policy which it views in favouring business interests at the expense of working conditions and jobs. This criticism is evidenced in the statements given and the correspondence of TUC’s General Secretary Brendan Barber to Secretary of State for International Development, Douglas Alexander. The TUC believed that the multilateral approach to trade liberalisation was the most efficient way of ensuring a link between adherence to ILO core labour standards and participation in the WTO, and to discuss the issues of Decent Work (TUC 2006a).\textsuperscript{93} The TUC stated that the latter “must be the central priority of governments, and the main element of a truly development-focused round of trade negotiations. It was however disappointed that the linkage between trade, labour standards and decent work was not even on the DDR agenda, but it was nevertheless concerned about the process of certain areas in the DDR negotiations, for example the threat to public service provisions in both developed and developing countries posed by the GATS negotiations (TUC 2006b). Disappointed about the WTO talks being suspended, the TUC stated its preference for the multilateral approach.

The WTO is an imperfect body, but it is at least a multilateral institution in which, in theory, all members, big and small, have a voice. A return to a system of regional and bilateral trade agreements risks giving powerful countries and trade blocs even more leeway to impose ‘agreements’ on others (2006b).

\textsuperscript{92} Mode 1 to 3, in respective order are cross-border trade, consumption abroad and commercial presence. Mode 4 of services liberalisation refers to the presence of persons of one WTO member in the territory of another for the purpose of providing a service. 

\textsuperscript{93} Decent work comprises employment, respect for rights at work (including trade union rights to freedom of association and the right to collective bargaining), social protection and social dialogue, according to the definition of the ILO.
Despite this criticism, failure of the DDR equally meant that

The prospect in the longer term of a fair and sequenced opening of markets (...) for British goods and services, with the associated benefits to employment in the UK, are also greatly reduced (2006b).

The TUC was adamant that these social and labour issues were included in the negotiation mandates that the EU was in the process of finalising for its bilateral FTAs with India, Korea and the ASEAN. TUC General Secretary Brendan Barber had written to FCO/DTI Minister of State Ian McCartney to raise these issues relating to trade and labour standard provisions.

“The TUC believes it is essential that these negotiating mandates include social and labour issues, in line with the commitments made by the European Union in its prior statements on trade, on decent work and on the social dimension of globalisation” (TUC 2007a).

When the bilateral trade agreements were launched, Mr. Barber had written to Secretary of State for International Development Douglas Alexander, in order to highlight its demands relating to the need for a strong social content in the ‘sustainable development’ sections of the negotiating mandates. Mr. Barber referred to the various consultation meetings TUC was involved in with the UK government and recalled on its demands.

“We have made it clear that we see the inclusion of strong and unambiguous language committing all parties to these bilateral agreements to the effective implementation of core labour standards and other components of the ILO's decent work agenda as vital to ensure that the agreements lead to sustainable growth which benefits the majority of people in the countries concerned” (TUC 2007b).

At the TUC’s 2008 conference ‘Mapping a Future for Social Europe’, it was stated that the TUC would only support trade agreements which would lead to better standards, including labour standards.

“We should challenge the naked mercantilism of the EU’s ‘Global Europe’ policy paper and secure policy commitments that will lead to the EU exporting higher standards rather than reducing our own and others” (2008a).

With regard to exporting trade in goods and services, TUC General Councillor Paul Talbot highlighted that the TUC was not generally against trade as trade leads to growth which in turn leads to an increase in jobs (2008b). This was underlined by Mr. Barber who equally stated that the TUC is not against free trade, if it however also entails fair trade, referring to labour and environmental standards. In bilateral FTAs, these social trade issues should be just as important as traditional and commercial trade issues.
“we need labour rights and environmental standards to be built into trade agreements in a watertight way with the same status as any other clauses. Social and environmental standards must cease to be seen as an 'add-on' to be paid lip service to when talking to domestic audiences, but dropped once the 'real' business of trade negotiations gets underway” (TUC 2008c).

2.2.3. British Sectoral Business Associations
This section will not provide an exhaustive list of all sectoral business association most probably having been affected by the EU-Korea FTA. Individual UK associations under scrutiny here are those which were identified in the previous section to be directly affected by the EU-Korea FTA. This section has illustrated that all sectors, bar were to be positively affected by the EU-Korea FTA.

British Bankers’ Association (BBA)
The BBA is the leading association for the UK banking and financial services sector, speaking for 228 banking members from 60 countries on the full range of UK or international banking issues and engaging with 35 associated professional firms. Collectively providing the full range of services, its member banks make up the world’s largest international banking centre, operating some 150 million accounts and contributing £50 billion annually to the UK economy (House of Commons 2008a: 105).

The BBA was highly in favour of the multilateral approach to services liberalisation but equally disappointed that not much attention had been paid to this sector in the DDR negotiations. For this reason, but also believing that bilateral FTAs could serve as “building blocks” for the multilateral approach, the BBA stated that

“It is widely acknowledged that in an ideal world the multilateral approach would be an optimal channel of choice for further trade liberalisation, but in circumstances where progress at the multilateral level is not possible, or offers only limited prospects for progress, the bilateral route provides a valuable alternative way forward. Moreover, it is not necessarily the case that progress at the bilateral or regional level should hinder the prospects for further WTO success. In some ways, the two channels can be complementary. For example, a feature of bilaterals and RTAs is that they often require domestic reform, so preparing the ground for further multilateral advancement” (House of Commons 2008a: 107).

The BBA highly welcomed the Commission’s Global Europe communication and stated the EU should not be left behind and that the services sector is “the engine of economic growth in Europe” (House of Commons 2008a: 107) which was reflected in the EU’s trade policy prioritisation. The EU-Korea FTA negotiations could lead to trade negotiations with other
emerging countries which would be in the interest of the BBA. Advantageous of a bilateral approach, according to the BBA was that

“No only are they less cumbersome and time consuming than the multilateral channel but they also allow for greater focus and prioritisation both in regard to specific trading partners and key offensive interests” (House of Commons 2008a: 109).

TheCityUK
According to TheCityUK, the primary objective of trade policy should be the promotion of economic growth, prosperity and the constant liberalisation of trade in goods and services, particularly in the financial services sector, at first and foremost the multilateral level where possible, but also on the bilateral level (TheCityUK 2010a: 2). TheCityUK believes that trade policy should focus on securing commercial benefits and should not be used as a tool to promote social, environmental or political objectives (TheCityUK 2010a: 2). Although these issues are of importance, they should not be dealt with in trade negotiations as this overloads the trade agenda and

“such clauses are easily perceived as a covert means of protecting a protectionist agenda. Other superior channels of influence exist to promote policies with social and political objectives” (TheCityUK 2010a: 2).

The bilateral approach to trade liberalisation, in form to the EU-Korea FTA, highlights what can been achieved under the Global Europe trade strategy in terms of the creation of trade, prosperity and jobs. The CityUK believed that the trade agreement would bring many opportunities to UK financial services businesses, those being (1) a closer relationship with Korea as a major global economy, (2) an overall increase in trade, (3) a first mover advantage over the US and, (4) regulatory transparency and removal of TBs (TheCityUK 2010b). Regarding specific services sectors, accountancy would benefit from the FTA as Korea’s accounting sector was relatively fragmented and relatively underdeveloped. Restrictions on market access existed in the form of restrictions on practitioners and partnerships, entry and stay and the use of internationally known trading names. The FTA would change this immediately as it would allow UK companies to open offices in Korea and to provide services in fields such as audit and assurance and corporate finance (UKTI 2011). Also, Korea would adopt international regulations, the International Financial Reporting Standards (IFRS) thereby providing UK companies “with an added competitive edge” (TheCityUK 2010b). In TheCityUK’s view, the protections of intellectual property rights (IPR) are of importance as
“a globally-known brand name is an important asset, and (...) should be permitted to use, in any market, their chosen name under which they are generally known” (TheCityUK 2010b).

With regard to the banking and related financial services sectors, Korea was viewed as a potential strong market for cross-border trade, with still a considerable scope for expansion. Standard Chartered Bank, HSBC and ING were already present in the Korean market, which was however restricted by a range of NTBs to UK companies. These so-called commercial regulations included restricted cross-border supply of financial services, non-transparent regulations with additional supervision of UK firms, restrictions on direct selling and lending and limits on ownership of Korean financial companies (TheCityUK 2010b). The FTA ensured that Korea had to commit itself to regulatory reforms, for example it had to adopt the ‘negative list’ approach to financial regulation. Also, Korea made further commitments such as cross-border integration of data processing and transparent regulatory procedures. The FTA gave UK financial service suppliers the opportunity to establish branches of UK banks, insurance companies and two years after the entry into force of the agreement, UK companies would be able to transfer abroad and process data to Korean customers. This onshore/offshore data processing was viewed as a great advantage seeing as creation and maintaining separate server and software systems would be very costly to UK providers (UKTI 2011).

The Korean insurance market had been restricted to UK insurance export products due to various NTBs present such as commercial regulations and administrative practices. In life business, one restriction UK businesses for example faced was an economic needs test which was to be conducted when commercial presence was to be established in the Korean market. In the non-life business, cross-border supply was only allowed for marine export cargo insurance. The EU-Korea trade agreement would change this as the economic needs test was to be abandoned which would result in UK firms being able to choose the strategy of market entry. Also, cross-border financial provisions are allowed by the FTA meaning that UK companies were to conduct business without physically being present in the market (TheCityUK 2010b).

Regarding Korea’s legal sector, this was not very well developed with around 250 law firms present and only Korean licensed lawyers were allowed to own firms and were able to provide legal services (TheCityUK 2010b). The trade agreement between the EU and Korea was to change this so that UK lawyers were able to establish firms in the market and provide legal...
assistance. Also, the trade agreement created the possibility that UK lawyers were to advice on their home (UK) law or also on international legal questions, thus not only having to specify on Korean law (UKTI 2011: 43).

All of these changes in the financial, banking, accounting, insurance and legal service sectors made possible by the EU-Korea FTA had created a level playing field for UK companies and had made the Korean market more attractive for international competitors (UKTI 2011: 42).

“In the services field, a favourable regulatory environment is the prime key to commercial success. The EU-Korea FTA will secure as step-change, bringing commercial opportunities in the expanding Korean market” (TheCityUK 2010b).

Scotch Whisky Association (SWA)
The Scotch Whisky Association had a strong multilateral stance and found it important to maintain the credibility of the multilateral system. It did however not have any reservations about negotiating bilateral FTAs. In July 2006, at the TPCF meeting the SWA stated that

“as we move into the bilateral world (...) we are also beginning to look towards bilateral deals as a good opportunity for us. Korea, China, India and the ASEAN countries all offer interesting prospects” (TPCF 2006a).

It thus came as no surprise that the SWA was highly in favour of the EU-Korea FTA, also because it was expected to be one of the biggest beneficiaries of the agreement (BIS 2010b: 16). Scotch whisky was the UK’s largest single export product to Korea and the biggest imported spirits category in Korea (SWA 2011). The EU-Korea FTA would eliminate 20 per cent of import tariffs phased out over a three year period and provide the product against imitations with protection by acknowledging the “geographical indications” (GIs). With Korea being its fourth largest export market by value in 2006 (SWA 2007), tariff elimination in Korea had been a key SWA trade priority for years which was also anxious to eliminate TBs in other emerging markets, in particular India. In 2009, the SWA pushed hard for the conclusion of the EU-Korea FTA. The SWA stated its trade priorities and noted that the global financial crises could have an impact on trade between the EU and Korea.

“The elimination of Korea’s whisky tariff and better protection of intellectual property rights are high priorities for the Association and would be a timely boost to exports to what is a major market for Scotch Whisky. Securing a deal is all the more important because the economic slowdown could have an adverse effect on EU-Korea trade, including of luxury products. Both sides need to make a determined push to reach an agreement during the next round of talks in Seoul” (SWA 2009).
The Korean spirit, soju, had a 97 per cent share of the domestic spirits market, whereas Scotch Whisky accounted for less than 1 per cent of the spirits market, leaving substantial opportunity for growth (BBC 2010). SWA Deputy Director – Asia Pacific and WTO, Martin Bell said

“Scotch Whisky is the UK’s single biggest export by value to Korea. Scotch is also the European Union’s biggest wine and spirits export to the market. This deal will generate significant benefits for the UK. Despite Korea already being a key market for Scotch, its performance over the years has been impeded by the high tariff (...) The FTA gives distillers a significant boost as they seek to market their product to Korean consumers, who already have a taste for Scotch Whisky, notably premium blends” (SWA 2011).

The SWA was pushing the UK government hard to finish the trade agreement negotiations in order to achieve parity with the local produced spirit (Scotland on Sunday 2009).

*Society of Motor Manufacturers and Traders (SMMT)*

The SSMT is the leading trade association for the UK motor industry. It represents companies throughout the automobile sector ranging from vehicle manufacturers, component and material suppliers to design engineers. The automobile sector is a significant sector to the UK economy. In 2006, it generated a manufacturing turnover of 48.5 billion pounds, contributing to over 10 per cent (10.2%) of the UK’s total exports and supporting over 850,000 jobs (851,800). The value of UK automobile exports is 24.5 billion pounds (SMMT 2008: 5).

In 2006, the SMMT prioritised multilateral trade agreements which were to benefit all sectors and was concerned about the impact of bilateral FTAs on the DDR. Therefore it, “believes that a successful conclusion to the Doha Round of WTO talks is essential before entering into bilateral arrangements with third countries” (SMMT 2010). SMMT’s approach to free trade was that it should aim to increase both growth and employment opportunities and FTAs should have a strong focus on being beneficially reciprocal. With the automobile industry being one of biggest exporting sectors in the UK, the SMMT did support EU FTAs with a strong focus for productive sectors, but conditioning that these agreements “are to benefit to all partners involved” (SMMT 2010). The SMMT believed it to be of great significance that before trade negotiations commenced comprehensive impact assessments and industry consultations need to be carried out, in order to analyse the “regulatory regimes for countries involved in FTAs” and the implications of TBs and NTBs which in turn, influence the sectors both positively and negatively affected by a trade arrangement (SMMT 2010).
During EU-Korea FTA negotiations, the EU submitted a substantial market access offer on services liberalisation, hoping to receive a reciprocal response from the Korean side. This, however, was not the case, as Korea surprised the EU by requesting an improved offer. According to Siles-Brügge (2014: 105, Korea blocked the EU’s offensive agenda in services until Korea’s offensive interests in automobiles were satisfied. In October 2008, Korea began to make concessions, only after the EU had demonstrated a willingness to make concessions on automobiles. The importance of this trade-off is underscored by the substantial nature of the concessions ultimately made to Korean negotiators in the automobile sector. In negotiations, the EU accepted an elimination of TBs and other NTBs in this sector which had a substantial trade deficit with Korea. Also, the EU ended up accepting Korean ‘duty drawback’ wherein Korean producers would continue to be allowed to claim back import duties on parts used in the manufacture of automobiles for export. Duty drawback had traditionally been a ‘red line’ for EU officials in FTA negotiations with emerging economies and “the EU has traditionally followed a practice of prohibiting DD in many of its free trade agreements” (European Commission 2010f: 2). It was however a clear offensive interest to Korea, one in which it had refused to compromise on the issue. For this reason, “some limited concessions to this general policy line may be considered in exchange of adequate concessions from the other party and on the condition that ‘rules of origin’ would fulfil the needs of the EU industry” (European Commission 2010f: 7).

During EU-Korea FTA negotiations, the SMMT pronounced its dissatisfaction saying that the agreement was unfair and unbalanced and will have a severe negative impact on “the competitiveness and viability” of this UK sector (SMMT 2010). The potential for ‘unbalanced competition’ was to damage the prospects of the domestic automobile industry with possible consequences on employment (European Commission 2010f: 3; Siles-Brügge 2011: 642). Giving oral evidence before the House of Commons BIS Select Committee, SMMT Chief Executive Paul Everitt stated the association’s disappointment with the EU-Korea FTA results. Mr. Everitt believed that the automobile industry was treated unfairly in the FTA compared to other UK sectors and this was to have a negative effect on future FTA negotiations.

“In our view, the Free Trade Agreement between the EU and Korea traded between sectors in order to arrive at the ultimate agreement with Korea. That’s to say, access to the European automotive market was made easier to ensure that other sectors got easier access to the Korean market. We did not get easier access to the Korean market. We believe that finance and other services were the priority. (...) It was seen to be in the UK’s interest that financial services
Mr. Everitt believed that the FTA did not create a level playing field for the UK automobile sector and said that free trade supposedly means that market access in Korea is to be made equivalent and to be improved for all sectors in return for easier and reciprocal market access to the UK market. Instead, the weakening of the rules of origin threshold and the inclusion of a duty drawback clause result in imports of low-cost car parts to Korea from neighbouring countries, giving UK manufacturers a competitive disadvantage. Everitt stated that certain aspects of the FTA

“which are around a complex area – duty drawback and other things – that effectively mean that the Korean vehicle manufacturers operating in Korea can import parts from China and then send those complete vehicles to Europe, which is fine, except that, if we were to source from China and manufacture in the EU, then we would face significant tariffs for importing those same parts. Therefore, that puts us at a significant disadvantage (…) we are allowing the goods and services into the EU at a much more advantageous pricing level than we would be allowed to do by manufacturing here in the EU which, in my view and our view as an industry, puts at risk our sector in a way that is not reciprocated by us being able to export more into the Korean market” (House of Commons 2011: Ev 9).

Because most benefits from the FTA were to be reaped by the UK financial sector, the automobile sector was not heard by the government and was used as a’ bargaining chip’ in the FTA negotiations; The UK government sought “to kill two birds with one stone” by achieving market access gains for competitive export-oriented sectors, using a reduction in import duties in the automobile sector as a bargaining chip (Siles-Brügge 2011: 636). Mr. Everitt said that the financial sectors of the UK economy were thus privileged by the EU-Korea FTA with the automobile facing a huge disadvantage, left with a potential negative impact on this sector.

“Our disappointment was that there were a number of European governments with concerns about the Korean Free Trade Agreement; the UK was not one of them and, therefore, some of the other major vehicle-manufacturing countries, which could have come together to have done something slightly more productive on that Agreement, did not have all the support that they might have required” (House of Commons 2011: Ev 20).

The SMMT demanded “government to pursue a positive trade policy that looks to encourage manufacturing in the UK” (House of Commons 2011: Ev 203) and it stated its disappointment
with the BIS department which had not intensely consulted the association prior and during FTA negotiations which resulted in the UK automobile industry facing a competitive disadvantage. The weakening of the rules of origin threshold and the inclusion of a duty drawback clause will result in imports of low cost car parts to South Korea from neighbouring countries, setting a wrong benchmark for future FTAs.

“BIS should ensure that unbalanced duty drawback mechanisms and other articles related to Rules of Origin do not set a precedent for future negotiations” (House of Commons 2011: Ev 203).

The SMMT stated that “it is vital that (...) government is striving for the best possible deal for the UK growth sectors” (House of Commons 2011: Ev 205) and “should learn from mistakes made in EU negotiations process” (SMMT 2011). This was supported by the CBI which stated that

“UK government politicians should play an instrumental role in shaping the EU’s negotiation mandate, taking into account the benefits and costs to all UK sectors (...) and seeking to balance offensive and defensive interests. It is not acceptable for sectors to be traded off against each other, effectively sacrificing one sector’s interests in order to seal a deal. In all negotiations the UK must consider the impact each agreement will have on UK business as a whole and seek to defend this interest robustly.” (House of Commons 2011: Ev 166).  

The CBI was however also aware of the fact that in trade negotiations, whether bilateral or multilateral, it is in the very nature of trade negotiations that some sectors benefit more than others. Referring to the EU-Korea FTA, CBI Director of International and UK Operations Andy Scott stated that sectoral distributional consequences in FTA negotiations are inevitable.

“One is always trying to ensure that one sector is not (...) traded off against another, but there will always have to be some degrees of give and take to get an agreement. (...). So it’s really looking at it and seeing how one can strike the best agreement that is going to give the advantage to the biggest number of companies in both countries, because this has to be a two-way process” (House of Commons 2011: Ev 35).

This statement most probably underlines the reasoning why the CBI was in favour of the EU-Korea FTA, even though the automobile industry, which it equally represents as well as the financial services sector, ended up ‘paying the price’ from this trade agreement. During EU-Korea FTA negotiations, the CBI thus faced an ambivalence of two important UK sectors affected differently by the agreement. On the one hand, the offensive interests of the financial sector...
services sector which was eager to eliminate NTBs and to improve market access in Korea and, on the other hand, the automobile sector which felt disadvantaged by the concessions made and demanded a reciprocal beneficial deal. CBI’s Andy Scott provides evidence that the sector with the most companies and hence played a more crucial role for the economy, found its interests reflected in the UK government’s trade position.

2.3 Domestic Interests’ Presence in Britain’s Governmental Trade Positions
This part of the multi-step analysis of identifying the independent variable of domestic interests’ presence within the UK governmental trade position, i.e. (1) during the period leading up to the negotiation mandate being designed, as well as (2) the actual period of when the negotiations rounds took place up until the FTA was signed, is important because doing so indicates the degree of correlation between domestic preferences, as specified in the second analytical step above, and the UK governmental trade positions. Equally, identifying domestic interests’ presence in the governmental trade position allows for testing the hypothesis, specified in the first step of this multi-step analysis, in order to determine under which conditions domestic interest prevail in the UK governmental trade position.

The relative presence of this independent variable was identified through discourse analysis and, in addition, is supported with economic data and secondary literature. The analysis was performed on statements made by elected and appointed government officials which played prominent roles in the trade policy making process in Britain during the specified time period. Important here first of all, is the UK government’s response to the Global Europe trade strategy. Government’s positions towards the promotion of international trade within the time period were researched in the 2004 DTI White Paper and on the archived DTI, BERR and BIS websites. Secondly, the ‘Hansard Online’ website was used to find relevant documents such as written/oral evidence from stakeholders and government’s responses from the various Select Committees of the House of Commons (International Development Committee/Trade and Industry Committee/Environmental Audit Committee/Foreign Affairs Committee/Business, Innovation and Skills Committee) and the two Committees of the House of Lords (European Union Committee/ Economic and Financial Affairs, and International Trade (Sub-Committee A). Equally of importance and applied in this study are press releases and speeches held in front of stakeholders from the various ministries and ministers involved.
In this manner, the methodological triangulation (Dür 2008b: 569) of combining discourse analysis in addition to the standard reference paid to secondary literature and economic data (Chapter 5: Methodology, Section 4) should provide a comprehensive and accurate representation of the UK governmental trade position before and throughout the negotiations and, consequently, also an accurate picture of the factors at play in the government’s policy making situation.

The government’s trade priority in the few years running up to the Global Europe strategy was a solid focus on multilateralism and the DDR.

“The UK has been the leading voice calling for an ambitious, pro-development conclusion to the Doha Development Round which delivers real benefits for developing countries” (House of Commons 2007a: 5).

In line with the goals of the Lisbon strategy95, focus was in specific on international trade and its contribution in rising growth and productivity.

“The EU must resist the temptation to look inward and fall back on outdated protectionist policies. Instead, the EU must look outward and embrace the opportunities that greater openness to trade can bring in terms of increased productivity and growth” (DTI 2004a: 11).

In 2005, the UK government was firmly committed to a successful conclusion of the DDR and viewed bilateral FTAs as “impractical, a severe distraction from other trade negotiations, and would provide little help to UK exporters” (House of Commons 2005: 32). However, concerns of the UK losing ground in East Asia as the result of other trade actors, such as the US and Japan negotiating bilateral trade agreements arose and it was proposed that the government should urge the EU in lifting the moratorium on such agreements, if potential losses were to be felt (House of Commons 2005: 33). In a response to the House of Commons Trade and Industry Committee, the government stated its preference for trade liberalisation within the WTO framework.

“The UK remains strongly committed to multilateral trade liberalisation through the WTO. Successful conclusion of the DDA remains our primary objective. Europe is already committed to a challenging programme of trade negotiations agreed prior to the launch of the Doha Development Agenda. We believe this programme should remain, and that in order not to undermine

95 In a September 2005 TPCF meeting, the CBI had advised the UK government to be highly ambitious with regard to the DDR, but to not put too many various trade issues on the agenda as this would then be overloaded (TPCF 2005). The House of Commons International Development Committee stated “We accept that there were limitations on what the Government could achieve in terms of trade during its Presidency, but these limits should have been acknowledged earlier on so as not to raise the public’s expectations of the outcome unrealistically” (House of Commons 2006a: 12).
progress in the DDA, we should avoid shifting the balance significantly towards additional bilateral negotiations” (House of Commons 2005: 5).

The government however acknowledged various UK businesses’ concerns of becoming disadvantaged by the gradual increase of FTAs negotiated by EU competitors and therefore it stated that

“it would be open to evaluate possible future agreements on a case-by-case basis, based on a rigorous test to measure mutual economic benefit” (House of Commons 2005: 5).

The UK government’s commitment to the DDR did thus not include an aversion towards bilateral FTAs and the negotiations of potential new bilateral FTAs were considered, on the condition that these should be WTO compliant (TPCF 2006b). On the occasion of the UK Presidency of the EU Council, Chancellor of the Exchequer Gordon Brown stated in front of the City of London representatives the possibility to consider negotiating bilateral FTAs as these would make the EU “more open, more outward looking, then more flexible, more competitive (...) to enable us to compete worldwide and move to full employment again” (Brown 2005). This would be in Britain’s interests and contributes to a “secure long-term future” of Global Europe, because

“it is now trade with the rest of the world, that will not only grow fastest of all, but be critical to future prosperity. So trade liberalisation matters” (...) Our task now and in the years to come is to move Europe from the old trade bloc to the new Global Europe” (Brown 2005).

In 2005, Prime Minister Tony Blair held a speech one month before the WTO Hong Kong Ministerial Conference (13-18 December 2005). Here he expressed the importance of the DDR

“The Doha Round is an opportunity to tackle some of the most fundamental injustices at the heart of world trade – an opportunity to create the conditions in which millions of people will have a chance to escape poverty. (...) We need a comprehensive, ambitious agreement to cut barriers to trade in the three key areas: agriculture, non-agricultural market access, and services. The aim of Hong Kong has to be to create the conditions whereby, by the end of 2006 we can get there” (The Guardian 2005).

In the run up to the 2005 this Ministerial Conference, questions arose whether it would not be better to negotiate bilateral FTAs instead of focusing on the multilateral approach because the “bilateral route can add value as long as it does not replace multilateral negotiations” (House of Lords 2005: 25). Ian Pearson, Minister for Trade, Foreign and Commonwealth Office and
Department for Trade and Industry, replied that the multilateral rules-based system was the most effective way to create a free world trading system.

“We strongly believe that the multilateral approach is the best approach. What we do not want to see is a failure of the Round which would bring into question the whole WTO system and would, in my view, be likely to see a further impetus to bilateral free trade agreements. (...) We have been strongly supporting the Commission in focusing its energies on a successful conclusion to the Doha Round” (House of Commons 2005: 9).

As holder of the Presidencies of the G8 (Gleneagles, 6-8 July 2005) and the European Council in 2005 (1 July-31 December 2005), the UK Government was particularly vocal in its support for progress in the DDR during the Hong Kong Ministerial Conference. The government was largely concerned about the pace of the DDR negotiations, especially in the field of trade in services, the area in which the UK was to gain the most, because “this area has been curiously neglected: left until last in the negotiations and of less interest to most witnesses” (House of Lords 2008: 18). The government was however disappointed with the outcome of the Ministerial conference (Command Paper 2006: 24), and the G8 talks (TPCF 2006c) and was criticised for not having done enough to promote the benefits of trade liberalisation (House of Commons 2006a: 11). According to Trade Minister Ian Pearson the government however “did succeed in keeping the show on the road” (TPCF 2006c).

In July 2006, in a joint statement, Gordon Brown (Chancellor of the Exchequer), Margaret Beckett (Secretary of State for Foreign and Commonwealth Affairs), Alistair Darling (Secretary of State for Trade and Industry) and Ian McCartney (Minister of State for Trade, Investment and Foreign Affairs) expressed the importance of international trade to the UK.

“The UK must think globally. Future economic prosperity will only come from UK companies exploiting opportunities overseas and by attracting the best overseas companies to invest here. We need to make sure we seize new opportunities if we are to keep the UK well positioned in the changing world economy” (UKTI 2006).

In 2006, the FCO published its White Paper entitled “Active Diplomacy for a Changing World” which was a response to the threats and opportunities of globalisation (FCO 2006: 4). With regard to trade, the FCO’s priority was to support “the UK economy and business

96 In a September 2005 TPCF meeting, the CBI had advised the UK government to be highly ambitious with regard to the DDR, but to not put too many various trade issues on the agenda as this would then be overloaded (TPCF 2005). The House of Commons International Development Committee stated “We accept that there were limitations on what the Government could achieve in terms of trade during its Presidency, but these limits should have been acknowledged earlier on so as not to raise the public’s expectations of the outcome unrealistically” (House of Commons 2006a: 12).
through an open and expanding global economy” through the promotion of open markets and
the prevention of protectionism while “a successful outcome to the Doha Development
Agenda (DDA) round of WTO negotiations is a Government priority” (FCO 2006: 34). This
priority was reiterated in the 2007 FCO publication “Global Europe” in which Prime Minister
and Foreign Secretary David Miliband called for a “Global Europe” which focuses on “issues
that matter to people in the Member States [such as] competitiveness [and] jobs” (FCO 2007:
1). This contribution equally entailed the UK’s primary priority in order to meet
globalisation’s challenges and opportunities, which was to commitment to free trade and open
markets because “a sustained commitment to openness (…) is vital” and for this UK trade
priorities were to reduce trade barriers and diminish barriers in regulation (FCO 2007: 22).

“The most urgent priority, if we are to secure the benefits of increased global
trade for the world economy is to make progress and secure a breakthrough in
the Doha Development Agenda (DDA) trade talks” (FCO 2007: 22).

In the years 2006 and 2007, the UK government continued to underline the importance of the
DDR and advocated for its conclusion.

“In an increasingly integrated and globalised economy, it is through
commitment to multilateralism that the greatest economic gains can be
achieved, and this is why the UK is pressing for the world trade talks, which
stalled last summer, to be revived and concluded as soon as possible” (HM
Treasury 2007: 50).

In a speech, the Chancellor of the Exchequer Gordon Brown stated the identical
objectives which were stated in the Global Europe communication.

“In my view no advanced industrial economy facing global competition can
either shelter their old industries or services, nor can they neglect the big,
serious and long term challenges that arise from this new phase of
globalisation: The challenge of resisting all forms of protectionism and instead
breaking down the barriers to an open trading global economy, The challenge
of moving Europe from its days as a trade bloc - inward looking and
unreformed - to global Europe, outward looking, competitive, reforming and
with a modern social dimension” (Brown 2006).

In July 2006, on the exact day when the Doha talks broke down, Mr. Ian McCartney
(Minister for Trade, Investment and Foreign Affairs) stated the government’s top
priority for trade policy during a meeting of the Trade Policy Consultative Forum

“We recognise the calls for more regional and bilateral trade agreements but
these should complement, rather than replace future multilateral trade deals;
they should prepare the ground for future multilateral rounds covering those
issues, such as non-tariff barriers, that have proved harder to tackle through
multilateralism. The multilateral approach offers the best opportunities to integrate countries into the global trading environment. (…) We are giving serious consideration to the emerging proposals and our overriding priority will be to assess their consistency with the multilateral system (…) The prospects for making a plan B will, I hope, be clearer when some of the dust settles on the current debate” (TPCF 2006a).

Equally in July 2006, the UKTI launched its five year strategy entitled “Prosperity in a changing world” in which one key element was to promote the City of London as the world’s leading financial centre (UKTI 2006: 11). It believed that the financial and business services sectors were one of the UK greatest strengths on which the government

“will lobby overseas on regulatory issues and barriers to trade and (…) it will work to ensure that the financial service industry’s market access objectives are reflected in the European Community’s trade and policy” (UKTI 2006: 11).

Another element of this UK government’s strategy was its increased focus on deepening trade relations with emerging and high growth economies. It established the High Growth Markets Programme (HGMP) which aimed to identify new opportunities for UK business in emerging markets and to support business to enter or expand presence within these markets (House of Commons 2007b: Ev 322). In line with the Global Europe approach, economic criteria had been applied to identify key emerging markets where trade could be optimised for British business. These criteria were amongst others; (1) market size and potential growth, (2) political and economic significance, (3) presence of competitors and, (4) presence of barriers to trade (UKTI 2006: 24). Korea was one of the countries identified by the UK government as an emerging market97 and with to the government’s clear focus on various Asian countries, a special government advisory group, the Asia Task Force (ATF) had been set up by Gordon Brown as Chancellor of the Exchequer, with the aim of reducing barriers to trade between the UK and Asia, mainly due to British business feeling threatened by competitors “making inroads into these markets” (House of Commons 2007c: 25). UKTI Chief Executive Andrew Cahn stated that this “will help business internationalise and contribute to the prosperity of the UK” (UKTI 2006: 2).

In the Trade Policy Consultative Forum (TPCF), the government answered to the question of why it had accepted the EU-Korea FTA mandate as follows

97 Including also Brazil, China, India, Indonesia, Malaysia, Mexico, Qatar, Russia, Saudi Arabia, Singapore, South Africa, Taiwan, Thailand, Turkey, United Arab Emirates and Vietnam (UKTI 2006: 24).
“The UK had developed a set of conditions to assess FTAs, drawing on input from business, unions and NGOs. The UK wanted comprehensive and broad-based agreements to benefit not just the EU but partner countries. They were “building blocks”, not just about EU market access. There was a strong business interest in openness. This was one reason why the UK had accepted FTAs” (TPCF 2007).

While facing an economic downturn the support for negotiating bilateral FTAs with Asian countries was further underlined in the 2009 BIS publication “The Future of EU Competitiveness” which pointed towards the importance of “free trade and open markets [which] have been highly successful means of boosting productivity, growth and job creation” (BIS 2009a).

“As recognised in the European Commission’s Global Europe paper, it is vital for the EU to be an active driver of an open rule-based global trading system, to keep its own borders open to trade and investment and to push strongly for others to do the same. For this reason, the EU must remain a strong advocate for the completion of the Doha world trade round and should continue to prioritise Free Trade Agreements with Korea, India and ASEAN” (BIS 2009a).

The 2006 Global Europe trade strategy thus found strong agreement of the UK government. Strengthening the global competitiveness of the British economy had been focus of its economic policy since the beginning of New Labour. Especially since 2004 however, the UK government had repeatedly stressed the interactions between international trade, productivity and growth. In the Trade Policy Consultative Forum (TPCF), the government answered to the question of why it had accepted the EU-Korea FTA mandate as follows

“The UK had developed a set of conditions to assess FTAs, drawing on input from business, unions and NGOs. The UK wanted comprehensive and broad-based agreements to benefit not just the EU but partner countries. They were “building blocks”, not just about EU market access. There was a strong business interest in openness. This was one reason why the UK had accepted FTAs” (TPCF 2007).

The empirical evidence so far has highlighted that the UK government’s prime trade policy priority was the successful conclusion of the DDR. With the slow progress and the repeatedly stalling of these multilateral negotiations however, the government continuously stated that it was not opposed to bilateral FTAs, as long as these would make a positive contribution to economic growth and liberalisation, were WTO compliant and would act as ‘building blocks’ for future multilateral deals (House of Lords 2009). In a letter to the House of Lords European Union Committee, Trade Minister McCartney stated the EU-Korea negotiation mandate

98 See also BERR 2009, Chapter 4.
allowed for an ambitious outcome of the DDR and “welcomed the emphasis placed on this at the launch of the EU-Korea FTA and EU-ASEAN negotiations” (House of Lords 2007a). At the time of the global recession, bilateral FTAs were viewed by the government as “a fixture of the trading negotiation landscape” and in its response to a House of Lords’ report entitled “Developments in EU Trade Policy”, the government stated that it was highly in favour of signing an ambitious FTA with Korea, which would contribute to UK’s economic growth (House of Lords 2009). The government expressed concerns of the slow progress of services in the DDR negotiations but was optimistic about negotiating on this area in the EU-Korea FTA (House of Lords 2009). In his response to the House of Lords, Trade Minister Ian Pearson expressed his disappointment with process of the DDR and stated that

“Well-designed bilateral agreements can be a positive force both economically and politically, and can provide an important compliment to the multilateral system. They cannot and should not, however, be viewed as an alternative to the multilateral trading system, which must continue to take centre stage” (House of Lords 2007b: 47).

FCO Minister of State Lord Malloch-Brown reaffirmed this position, but equally said that the government is “not inherently against regional agreements as long as their general impact is to increase international trade” (House of Commons 2008a: Q151). The slow pace of the DDR, the even slower progress of services negotiations within this round and the disappointment of the Ministerial Conference’s outcome all led the UK governments’ to embrace the application of bilateral FTAs as important supplementary tools contributing to economic growth and liberalisation of trade. MP Gareth Thomas, Under-Secretary of State for Trade and Consumer Affairs (BERR) illustrated the government’s support of bilateral FTAs

“we have supported the Commission’s desire to open negotiations with, in particular South Korea, India and the ASEAN nations. I do recognise the concerns that if you just continue to have Regional Trade Agreements being negotiated you end up - somebody used the phrase - with a spaghetti bowl of confusing trade rules that undermine the multilateral negotiations (…) We just need to recognise the reality that Regional Trade Agreements and Bilateral Trade Agreements are part of the modern world economy and do bring substantial benefits to the various parties involved” (House of Lords 2007c: 4).

Apart from the DDR not delivering economic prosperity, Mr Thomas continued elaborating complementary reasons for applying bilateral trade agreements, such as EU competitors negotiating bilateral FTAs and the chance these agreements offer to secure benefits in areas, such as services, which have been difficult achieve in the DDR

“other competitors in the world economy are already themselves negotiating Regional Trade Agreements and we obviously do not want British business,
European business and interests to lose out on the opportunities that there are world-wide. In terms of South Korea and India, for example, we do want to see progress on services and very much so—financial services, legal services and telecom, for example, are areas where we think that liberalisation could take place to the mutual benefit of those countries not only in our business interests but also to the Indian and South Korean interests too” (House of Lords 2007c: 4).

Asked whether bilateral FTAs would undermine the DDR, Mr. Thomas said that he did not believe that the negotiation of bilateral deals would be a distraction from the multilateral level and hoped that even more of bilateral FTAs would be concluded. He stated that the UK government was particularly interested in the elimination of high trade barriers and extensive services liberalisation and said that the EU-Korea FTA was the FTA “that looks most promising” in achieving these objectives. For this reason, Mr. Thomas stated significance of the Korea FTA to the UK

“It would be a huge mistake for the EU to stop trying to negotiate regional trade agreements because all sorts of other of our competitors are already negotiating regional trade agreements” (BERR 2008c).

A 2008 Chatham analysis suggested that the KORUS FTA could have a negative impact on the EU-Korea FTA if this would be implemented first then the US could use its comparative advantage to divert EU trade away from the Korean market (Rollo 2008: 4). Also, for this reason, the FCO was particularly in favour of the EU-Korea FTA as it viewed Korea as a “like-minded” partner and “a major source of trade and investment” vital to the prosperity of the UK (House of Commons 2008a: Ev 56). According to the FCO, and in line with the previously mentioned BIS study, of particular interest to the UK in the EU-Korea negotiations was the liberalisation of the Korean financial and legal services markets, the lifting of indirect ownership restrictions on telecommunication companies and the elimination of tariffs on whisky (House of Commons: Ev 65).

In the 2006 TPCF, Trade Minister Ian McCartney stated that financial services was an important area in the bilateral trade agreement with Korea as these were faced with significant barriers in banking and insurance. “This is an important area (…) and is a continuing priority which we will work on” (TPCF 2006a).

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99 Reasons for Korea being a “like-minded partner” are that it is a free market economy, a democracy with shared values and interests for example in the areas of climate protection, poverty reduction and international security (House of Commons: Ev 56).
Trade priorities of the UK government are listed by the DTI, the BERR and subsequently the BIS department which stated that the UK as open economy benefits from a liberalised world trading system and it would be of significance to hold on to this pro-liberalisation stance, and not to turn to protectionism (DTI 2006c; BERR 2008b; BIS 2010c). Trade benefits producers, consumers and the employed and therefore open and fair markets are of significance as this was to result in (1) better access to competitive sources of materials for producers thereby boosting domestic and foreign performance, (2) lower prices and increasing choice of products for consumers and, (3) promotion of economic prosperity in both developed and developing countries (BERR 2008b). The UK government had a strong pro-development stance, and one of its objectives was that “trade policy should be consistent with development policy” (DTI 2006c; BIS 2010c) which it wanted to see promoted in developing countries mainly through the DDR negotiations.

“We are committed to achieving a fairer and freer trade system that increases global growth and poverty reduction and benefiting developed and developing countries alike. This is founded on two key principles: a commitment to multilateralism; and making trade a lever for achieving our development goals” (BERR 2008b).

The UK government’s most important trade priorities were the conclusion of the DDR, the strengthening of the WTO and the simultaneous negotiating of bilateral FTA with emerging countries. The latter were to focus on the Global Europe commitments and were to “play a complementary liberalising role” (BIS 2010c). Progress in liberalising trade in services was also viewed as a top trade priority which was to include the identification of market access barriers and the simplification of commercial regulations and administrative NTBs in priority export markets, as these would drastically reduce firms’ costs when trading internationally (BIS 2010c). Secretary of State for Trade and Industry (DTI), Alan Johnson stated in a 2005 speech the significance of cutting red tape.

“How we regulate business is a central issue in the debate about jobs and growth. There can surely be no question that appropriate and targeted regulation improves standards in public services, promotes competition and ensures fairness at work, as well as protecting consumers and our environment. But we can reduce the burden of regulation and enhance our flexibility while ensuring high standards.” (DTI 2005).

The DTI stated

“naturally economic operators in the services sectors have a big interest in the negotiations and as a consequence lobby hard. We will also take into account the views of other interest groups including trades unions and civil society. We
are not about to make any commitment as a result of any lobbying that goes against the overall best interests of the UK” (DTI 2006c).

In 2006, at the Manufacturing Dinner, Trade Minister Alan Johnson talked about the role of government in enabling British business to face up to the challenge of Asia opening up and succeeding in a challenging global environment.

“We cannot repel the surge of globalisation by creating a Fortress UK. There are advocates of protectionism amongst some of our closest European neighbours. Measures to protect key industries from foreign takeovers where there are no state security issues are futile and self-defeating. The paradox of protectionism is that it destroys what it seeks to protect. It may provide temporary comfort but that soon fades. (…) Our response must instead be to help Britain move up the value chain towards a high wage, high skill, high value economy. We are racing to the top, not to the bottom. Our first responsibility in Government must be to help to drive up Britain’s competitiveness” (DTI 2006e).

In his speech entitled “Building UK Business with Asia”, BIS Secretary of State, Lord Mandelson referred to the importance of UK business seizing the opportunities in Asia because these can be reaped easily by trade competitors. This concern is in line with the UK government being worried about the KORUS negotiations because if the US would ratify this agreement first, it would put a lot of UK businesses in the Korean market in a disadvantaged position.

“Power is shifting east in the global economy. And now is the time, when the competitive advantages and the substantial quantity and quality in the UK will enable businesses to benefit from these massive changes are taking place. (…) We are however facing tough competition. Britishness appeals in these markets – but there are others in these markets, and they are competing hard. We’re going need to do more to beat our competitors, who are just as eager to win. We have constantly to up our game” (BIS 2009b).

Early October 2009, BIS Secretary Lord Mandelson, who served as EU Trade Commissioner when free trade talks were launched, pointed out that, when fully implemented, the FTA would eventually increase bilateral trade by about 20 percent. This FTA being the EU’s first in Asia would deepen UK-Korean relations and market opportunities, so Mandelson

“Over the last twenty years or so, Britain has welcomed a huge number of Korean businesses - somewhere around 150. Many of them have become part of the British corporate landscape. I hope the next twenty years will bring another 150” (Yonhap 2009).

In a business brief, the UK government viewed the EU-Korea FTA as “an excellent deal for UK businesses and consumers” (UK Government 2010) as it creates large opportunities to UK goods and services exporters in key sectors, including financial and other business
services. The government states that its trade position is in line with other important stakeholders.

“It is for this reason that the majority of UK business stakeholders including the Confederation of British Industry (CBI), support the FTA and would like to see it applied as soon as possible” (Explanatory Memorandum 2011).

Agreeing the trade agreement before the KORUS is believed to be a big success as it will provide EU companies with the first mover advantage. Of equal importance is the trade priority of eliminating NTBs and the opportunities created for the services sectors. This results into market access and easier operation for companies in financial, insurance, accounting and legal services as the trading environment will be more predictable and would increase overall business confidence. According to the UK government, these opportunities in the services sectors also include

“commitments in services in the EU-Korea FTA going beyond Korea’s bound GATS commitments and ensuring a level playing field with the US (…) with a few points where the EU-Korea FTA goes further than KORUS, and all subject to the disciplines in the FTA” (UK Government 2010).

Essential to the functioning of trade in services, according to the UK government, is also that the FTA ensures the free movement of private payments between EU and Korean citizens and also the free movement of commercial transactions. In line with this goal, commitments on such payments have been agreed on during negotiations (Explanatory Memorandum 2011). Equally, the government finds IPR issues have to be dealt with in order to create clarity for businesses trading in Korea. The government does however also acknowledge the costs which would be felt by the automobile sector due to the elimination of import tariffs as this would increase competitive pressures on this UK sector. Nevertheless, tariff elimination would be phased in over a number of years (UKTI 2011) and critical safeguards would be in place from the beginning of implementation to prevent excessive foreign sourcing of car parts in Korea. The government therefore focused on the benefits from the FTA which would felt by the UK automobile industry, the removal of NTBs and Korea’s acceptance of EU standards which would save automobile exporters time and money having to re-test products according to Korean standards. The UK government explains that the agreement

“will also deliver opportunities for the EU auto industry for increased export of automotive parts to Korea and align key EU and Korean standards, which would otherwise have blocked access to the Korean market for EU firms” (UK Government 2010).
This business brief concluded with the UK government stating its approval of trade liberalisation between the EU and Korea.

“The UK Government strongly supports this FTA, and hopes that it can be agreed quickly to maximise the benefits for EU business and consumers” (UK Government 2010).

With regard to labour standards, the BERR archived website provides the following information

- UK rejects a sanctions-based approach in this area, and will continue to oppose and reject any initiative to use labour rights for protectionist purposes. Whilst recognising that the ILO is the most appropriate forum for dealing with labour issues, the UK has worked to develop a consensus that labour standards should be promoted through all the relevant multilateral organisations - the ILO, the WTO, the World Bank and UNCTAD” (BERR 2008d).

With regard trade union’s and the presence of labour standards in the UK governmental trade position, evidence during the time frame of the EU-Korea FTA negotiations is rather rare. According to the literature, the UK has traditionally not been supportive of including labour standards as it was thought that the inclusion of these would jeopardise trade liberalisation and should be dealt with by the ILO and not the WTO (Orbie et al. 2009: 154). It has been argued also, that due to Global Europe’s focus on trade liberalisation in line with the Lisbon strategy with a strong focus on creating growth and jobs and the aim to reduce TBs and NTBs, “labour standards are of a secondary nature [and] do not seem to stand out as a clear priority ” (Orbie et al. 2009: 157, 158).

Foreign Secretary Margaret Beckett stated that

- “with regard to ILO standards and decent rights, we do try to work across the world with the ILO and again to urge on people the recognition that it is possible to have economic growth and prosperity, and to maintain such standards and freedoms, and that indeed it is to your advantage to do so. It is a huge advantage to have good enough standards and good rights (...) We do recognise that and we do raise these issues, for example, when we are talking about trade talks and things of that kind to try to make sure that these issues are not overlooked, and we will continue to do so.” (TUC 2006c)

Secretary of State for Business, Enterprise and Regulatory Reform (BERR) John Hutton

- in the modern world you do not have to trade economic success for social justice. You do not have to choose between a fair society and prosperity. So when I say that I want to be the voice for business, that means championing all
those that make business in the UK successful - most importantly the greatest resource Britain's businesses have; our workforce. (TUC 2007c).

Prime Minister Gordon Brown

“Here at home let us also be the first generation able to show the world that instead of a globalisation which benefits just a few our country is a beacon for justice and fairness to all, the first country that can genuinely say that because of our efforts together we liberate not just some of the talents of some of the people but we liberate all of the talents of all of the people and so together we ensure the objective we all seek, dignity, security, and prosperity for all” (TUC 2007d).

In a government’s response to International Development Committee’s report on Fair Trade and Development, it stated that

“Core labour standards are fundamental human rights. (...) We are committed to promoting good labour standards” (House of Commons 2007d: 2).

The DFID referred to its 2006 White Paper which stated that

“governments need to remove unnecessary barriers to business, including obstacles to foreign trade and investment [and need]to make sure that workers earn a decent wage and have safe working conditions” (DFID 2006: 45).

With regard to labour standards, the BERR archived website provides the following information

UK rejects a sanctions-based approach in this area, and will continue to oppose and reject any initiative to use labour rights for protectionist purposes. Whilst recognising that the ILO is the most appropriate forum for dealing with labour issues, the UK has worked to develop a consensus that labour standards should be promoted through all the relevant multilateral organisations - the ILO, the WTO, the World Bank and UNCTAD” (BERR 2008d).

On the 15th of October 2009, when the EU-Korea FTA was initialled\(^{100}\), Lord Mandelson urged British exporters to be ready to seize the gains of the FTA which were made possible as a result of a reduction in TBs and NTBs. Lord Mandelson said

"Open markets present huge opportunities for UK exporters and are vital for jobs and growth. Virtually all tariff barriers will be swept away creating new access for UK exporters and service providers. (...) Based on current trading patterns, the UK economy would be boosted by around £500 million. However, this does not take into account new trade opportunities that would be created to drive this figure even higher” (BIS 2009c).

\(^{100}\)Initialling is a non-legally binding indication that the form and content of the agreement is settled. It indicates that negotiations between the parties have essentially concluded. This precedes the formal signing of the agreement (BIS 2009c).
Lord Davies of Abersoch, Minister for Trade, Investment and Business said “Korea is a major importer of those goods and services where the UK has a distinct competitive advantage including automotive components, pharmaceuticals, aircraft engines, electronics goods, financial services. I now look forward to the agreement being formerly signed and ratified next year” (BIS 2009c).

2.4 Testing H1 and Determining Governmental Responsiveness Correlations

This part of the study does not seek to provide a direct causal relationship between independent and dependent variables. Rather, the purpose here is to examine the interactions between discourses, namely between societal actors, on the one hand, national interests groups (federations/sectoral) and trade union and of the UK government, on the other and, whether the latter has been responsive to the former and under which conditions. The evidence which follows from the analysis conducted above supports the following conclusions. First, it shows strong support for H1, with domestic interests directly affected by EU-Korea FTA trade issues dominating the domestic preference formation. Second, the analysis suggests a high degree of government responsiveness to domestic interests.

This subsection of the multi-step analysis will recall on all steps previously highlighted and will then test hypothesis H1 and determine the degree of governmental responsiveness to domestic interests. In order of doing so, it is necessary here to recall the specific H1, which states that when distinct UK economic sectors are directly affected and changes in economic conditions are to be expected due to specific EU-Korea FTA trade liberalisation issues, then these domestic interests will prevail in shaping the UK governmental trade position because distributional concerns will dominate domestic preference formation and the lobbying of potential sectoral winners and losers, in favour or against trade liberalisation, will be intense.

In order to set the scene and to narrow down which British domestic interests were most likely to appear within the context of the EU-Korea FTA negotiations, Step 1 highlighted Britain’s role in the global economy and illustrated the UK-Korean trade relations, in which the manufacturing sector, in particular the UK advanced engineering, chemicals and automobile industry, but also trade in services played an increasing big role. Based on this information, it was illustrated that the UK’s large but declining manufacturing industry was
of significance to its own economy, with large export sectors like automobile industry playing an extensive role in domestic growth and employment. The services sector however was identified as a sector which played an increasingly larger role in the UK economy. In the same step, with help of the Prognos study, the distributional consequences of the EU-Korea FTA were analysed. This was mainly done by looking at each sector identified to be of importance in the EU-Korea FTA and the impact of the elimination of TBs and/or NTBS on these sectors by trade liberalisation. Based on this information, by knowing those sectors directly affected by trade liberalisation, it was assumed which domestic economic sectors were prone to lobby and be the most vocal towards the UK government in favour or against trade liberalisation. In step 2 of the multi-step analysis, these sectors were then identified by analysing national federations and sectoral associations. Statements, position papers, press release etc. were taken from the IFSL and the CBI, TUC representing the national federations, whereas the BBA, TheCityUK, SWA and SMMT encompassed the sectoral associations. Without repeating every single statement here, it can be said that six interest groups (IFSL, CBI, BBA, TheCityUK and the SWA) were absolutely in favour of the EU-Korea FTA. Two interest groups (TUC and SMMT) were divided on this issue and were voicing calls for improvement of the agreement. This is evident from the examples of interest group, trade union and government commentary (Box 7).

<table>
<thead>
<tr>
<th>Box 7. Governmental Responsiveness</th>
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<tr>
<td><strong>Interest Group Statements</strong></td>
</tr>
<tr>
<td>IFSL:</td>
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<tr>
<td>“As long as it remains necessary to seek further liberalisation to unlock economic potential of the UK financial services sector, it would be irresponsible not to seek all avenues where progress can be made, and IFSL therefore sees an important role for bilateral negotiations” (House of Commons 2008a: 102)</td>
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<tr>
<td>CBI:</td>
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<tr>
<td>Bilateral FTAs “must be firmly based on the need to enhance competitiveness of (...) companies in the world economy. The long-term aim of these agreements should be to translate the liberalisation achieved in FTAs to the global level, since the benefits of liberalisation are most effective when applied multilaterally” (House of Commons 2008a: 217).</td>
</tr>
<tr>
<td>TUC:</td>
</tr>
<tr>
<td>“We need labour rights and environmental standards to be built into trade agreements in a watertight way with the same status as any other clauses. Social and environmental standards must cease to be seen as an ‘add-on’ to be paid lip service to when talking to domestic audiences, but</td>
</tr>
</tbody>
</table>

155
dropped once ‘real’ business of trade negotiations get under way” (TUC 2008c)
do so” (TUC 2006).

| **BBA:** | “Not only are [bilateral FTAs] less cumbersome and time consuming than the multilateral channel but they also allow for greater focus and prioritisation both in regard to specific trading partners and key offensive interests (House of Commons 2008a: 109). |
| **Trade Minister Ian McCartney:** | “We recognise the calls for more regional and bilateral trade agreements (...). They should prepare the ground for future multilateral rounds covering those issues, such as non-tariff barriers, that have proved harder to tackle through multilateralism. |

| **TheCityUK:** | “In the services field, a favourable regulatory environment is the prime key to commercial success. The EU-Korea FTA will secure a step-change, bringing commercial opportunities in the expanding Korean market” (TheCityUK 2010b). |
| **UK Government:** | Opportunities in the agreement are “Commitments in services in the EU-Korea FTA going beyond Korea’s bound GATS commitment and ensuring a level playing field with the US (...) with a few points where the EU-Korea goes further than KORUS, and all subject to the disciplines in the FTA” (UK Government 2010). |

| **SWA:** | “Scotch Whisky is the UK’s single biggest export value to Korea. (...) This deal will generate significant benefits for the UK. Despite already being a key market for Scotch, its performance has been impeded by a high tariff” (SWA 2011). |
| **BIS:** | “Virtually all tariffs will be swept away creating new access for UK exporters and service providers” (BIS 2009c). |

| **SMMT:** | “We are allowing the goods and services into the EU at much more advantageous pricing level than would be allowed to do by manufacturing here in the EU which, in my view and our view as an industry, puts at risk our sector in a way that is not reciprocated by us being able to export more into the Korean market” (House of Commons 2011: Ev 9). |
| **UK Government:** | The agreement “will also deliver opportunities for the (...) auto industry for increased export of automotive parts to Korea and align key (...) standards, which would otherwise have blocked access to the Korean market for (...) firms” (UK Government 2010). |

Source: Author’s own compilation.

Box 7 provides evidence that government commentary concerned with domestic interests corresponds to interest group and trade union commentary. Although this is correct for all interest groups and the trade union, the government was not responsive to the SMMT. As has been illustrated above, the SMMT saw itself being used as a bargaining chip and complained that the financial services sector was the government’s main key interest in the EU-Korea FTA. This concludes that (1) there is high support for H1, with domestic interests directly affected by EU-Korea FTA trade issues dominating the domestic preference formation, (2) it indicates however a moderate degree of government responsiveness to domestic interests, due to the neglect of one sector (automobile) in order to reap the gains in another sector (financial services).

Regarding the general commentary on applying bilateral FTAs and the shift from a multilateral approach to the Global Europe trade strategy, it is evidenced that the domestic sectors dominated the domestic preference formation and that the UK government has been responsive to these domestic interests. All societal actors, interest groups, trade union and
government were in favour of this, although to a different degree. Most of the interest groups were highly in favour of this (CBI and IFSL) from the very beginning whereas others (BGA and TUC) were slightly wary of this new trade agenda. The TUC was not against bilateral FTAs but insisted on the inclusion of social and environmental standards. In sum though, this information has provided evidence that the UK government is in consultation with a small audience of different types of societal actors and aims to listen the wide-ranging trade positions of these actors, although this does not mean in the end that it will represent these interests. This is in line with the pluralist system and the government-society relations, in this case the majoritarian (competitive) oriented decision making where the government does not seek broad support from societal actors during domestic preference formation and is not prone to make compromises. The role of ideas and whether the government is responsive to this domestic variable will be analysed in the next section.

3. Multi-Step Analysis – Domestic Ideas
This section will be similar to the multi-step analysis of the independent variable domestic sectoral material interests, conducted in the previous section. Its structure is identical and includes the following steps: (1) Contextualisation of Domestic Ideas and Hypothesis 2, (2) Identification of Domestic Ideas, (3) Domestic Ideas’ Presence in Governmental Trade Positions and, (4) Testing H2 and Determining Governmental Responsiveness (Box 3). In line with the goals of this research, this section of the chapter will explore the relationship between the independent variable, domestic ideas and the dependent variable, Britain’s governmental trade positions.

3.1 Contextualisation of Domestic Ideas (Process Ideas) and H2
The multi-step analysis begins with specifying the independent variable identified and defined in the theoretical framework chapter to the context of Britain. This means focus here is first on determining which domestic ideas are most likely to appear within the context of this country during the EU-Korea FTA negotiations. In order to do so, it is necessary here to recall the definition of this independent variable as stated in the theoretical framework chapter and insert it into the context of the UK.

Domestic ideas are delineated here as coherent collective shared expectations of British voters and NGOs about acceptable governmental positions and of how politics should steer the economy. These expectations are rooted in the past and cannot alter immediately in response
to changed economic conditions imposed on these domestic actors by the EU-Korea trade agreement.

It should equally be recalled here that domestic ideas are theoretically divided into two types: process ideas and content ideas, with the former relating to the political process and the latter to the political content. Inserted into the context of this case study, this means that process ideas are delineated here as dominant expectations about the conduct of the UK government’s political decision making, whereas content ideas are characterised as dominant expectations of the UK government’s primary task in trade policy.

For the first step of this analysis, competing types of process ideas will be traced. As mentioned previously, the opposing process ideas here are equal to those applied by the societal approach (Schirm 2009: 505); majoritarian (competitive) oriented decision making versus consensus-based decision making. In this section however, reference will only be made to the former process idea as this applies to the majoritarian (competitive) oriented decision making in Britain. In the case study on Germany, reference will be made to the consensus-based decision making and results of the UK and German case study will be compared in the Conclusion. Indicating which domestic ideas are relevant for the re-election of a government depends on two aspects; commonality and specificity (Schirm 2009: 504). In line with the societal approach, the former can be divided into a high, moderate and low degree of commonality which refers to whether a domestic idea is shared by a large, a majority or minority of number of citizens. Specificity refers to whether a domestic idea’s meaning is precise and can account for appropriate behaviour. Relevant domestic ideas should thus indicate both commonality and specificity in order to shape governmental positions. If this is not the case, additional empirical data will be used to account for either commonality, specificity or, if necessary, both.

Recalling here, the UK favours competitive decision making where the government acts as a referee as its efforts to compose ‘winner-takes-all coalitions during domestic preference formation (Schirm 2009: 509). These process ideas are expressed institutionally in the form of a market economy, which can be used as an indicator. Also attitudes towards a democratic system can be used here as an indicator in order to find out how supportive these attitudes are of this system and whether voters feel they are included in the opportunity to participate in the political process. Regarding the way political decision making should be conducted and the
involvement of societal groups’ participation, societal attitudes towards the concepts ‘democracy’, ‘solidarity’, ‘welfare state’ and ‘market economy’ are thus of significance. Opposing process ideas identified here are ‘leadership’ versus ‘inclusive decision making’, ‘collective solidarity’ versus ‘individual responsibility’, ‘strong government responsibility’ versus ‘weak government responsibility’, and ‘trust in market forces’ versus ‘trust in governmental regulation’. According to these specific process ideas concerned, these indicators were collected mainly by focusing on a combination of data from the fifth wave of the WVS (2005 - 2009), the Standard Eurobarometer of both 2007 and 2009, the 2006 International Social Survey Programme (ISSP), the Pew Global Attitudes Projects (GAP) of 2007 and 2009 and the BBC/Globescan/PIPA polls of 2006, 2008 and 2009.

First of all, beginning with the concept ‘democracy’, process ideas can be illustrated with reference to the question of whether a democratic system is supported and thus societal actors’ possibility in expressing their opinion and their opportunities in potentially shaping decision making. Examples of opposing process ideas can emphasise, for example, the indicators ‘leadership’ versus ‘inclusive decision making’.

<table>
<thead>
<tr>
<th>Survey questions</th>
<th>Great Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Having a strong leader (V. 148)</td>
<td>26.3</td>
</tr>
<tr>
<td>Importance of democracy (V. 162)</td>
<td>86.0</td>
</tr>
<tr>
<td>Having a democratic political system (V. 151)</td>
<td>82.2</td>
</tr>
<tr>
<td>Democraticness in own country (V. 163)</td>
<td>66.8</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.  

Table 5 illustrates that in Britain only 26.3 per cent of respondents think it is good (‘very good’/‘fairly good’) ‘to have a strong leader’ governing its country, whereas 86.0 per cent of respondents think it is ‘absolutely important’ to live in a country which is governed democratically.  

In fact, 82.2 per cent of Brits support ‘having a democratic political system’ (‘very good’/‘fairly good’) and a substantial majority of Brits believe that their country is democratically governed (66.8 %).

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101 On scale points of 1-10, with point 1 being ‘absolutely important’.
103 On scale points of 1-10, this percentage encompasses scale points 6-10 ‘absolutely important’.
104 On scale points of 1-10, this percentage encompasses scale points 6-10 ‘completely democratic’.
Table 6. Democracy versus Strong Leader

<table>
<thead>
<tr>
<th></th>
<th>Democratic form of government</th>
<th>Strong leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>57</td>
<td>36</td>
</tr>
</tbody>
</table>

Source: Pew GAP 2009 (Q35).

This, in turn, is equally backed by results from the Pew public opinion poll (Table 6) which asks respondents whether they prefer a democratic form of government or a strong leader to solve the country’s problems. A slim majority of British respondents are in favour of a democratic form of government, instead of having a strong leader (57% versus 36%). It is important to note here that these specific opposing process ideas ‘leadership’ versus ‘inclusive decision making’ are in so far relevant for the re-election of a government because they possess high commonality (they shared by a large number of respondents) and specificity (their meaning is precise).

UK public support for democracy is thus relatively high which is further illustrated by the representative data in Table 7. When asked specifically about essential characteristics of democracy, the Brits find that electoral provisions and civil rights matter the most. Regarding electoral provisions, British respondents answer that ‘people choose their leaders in free elections’ is the most ‘essential characteristic of democracy’ (44.6 %). Also, 17.0 per cent of respondents reply that ‘people can change laws in referendums’ as an essential characteristic. Although both characteristics receive a different degree of support (moderate and low degree of commonality), both of these characteristics are in line with Britain’s majoritarian (competitive) oriented decision making and the ‘winner-takes-all’ composition in this process. Respondents thus think it is of great significance to be able to express their opinion in elections by choosing prospective leaders governing the country, whereas they moderately support the possibility to have the opportunity in potentially shaping decision making through referendums.
As illustrated above, the second most salient issue for UK respondents is the promotion of civil rights, perceived by 24.5 per cent of respondents to be an ‘essential characteristic of democracy’. When a population is in favour of consensual decision-making, then these should have trust in civil society actors and involvement of civil society actors in the decision making process should be advocated. Civil society actors selected here are NGOs whose orientations are usually focused on societal or democratic goals. Environmental and human rights movements are selected from the WVS survey because first of all, they both have these goals and the respondents are asked specific questions regarding their confidence in these organisations. Table 8 highlights the indicators ‘confidence in environmental organisations’ and ‘confidence in charitable and humanitarian organisations’. British respondents have confidence (‘a great deal/quite a lot’) in both charitable and humanitarian organisations and environmental organisations, although the results are slightly higher for the former (70.2 %), than for the latter (65.1 %), corresponding to a high commonality.

The other ‘essential characteristics of democracy’ in Table 7 are ‘people receive state aid for unemployment’ (13.4 %), ‘governments should tax the rich and subsidise the poor’ (9.4 %), and lastly, ‘the economy is prospering’ (14.1 %). These characteristics primarily focus on...
social welfare and wealth distribution and although they all receive a lower commonality, the former two will now be connected to the opposing ideas ‘collective solidarity’ versus ‘individual responsibility’, whereas the latter will be applied to the opposing ideas ‘trust in market forces’ versus ‘trust in governmental regulation’ later on in this section.

With regard to expectations about the conduct of UK government’s political decision making and the inclusion of all relevant societal groups, the concept of ‘solidarity’ should be looked at. When asked about the general concept of solidarity, 64 per cent of respondents have a positive association with this is in the market economy (Eurobarometer 2009c).\(^{108}\) Asked about significant values which society should ‘emphasise in order to face major global challenges’, British respondents select ‘social equality and solidarity’ (46 %) and the free market economy (33 %) as the important values to emphasise (Eurobarometer 2009c).\(^{109}\) Now turning to the ideas ‘collective solidarity’ versus ‘individual responsibility’, the former can be understood as the positive reciprocal relationship between people (both individuals and/or groups) impelling supportive behaviour, i.e. the willingness to give and/or receive help or support one another, which primarily leads to social inclusion. In contrast, ‘individual responsibility’ does not focus on collective action but primarily on individual action and responsibility. Data from the WVS can be used to elaborate more on these ideas. Brits attach a great role of the government in taking responsibility to ensure that everyone is provided for, which supports both process ideas ‘inclusive decision making’ and ‘collective solidarity’. Table 9 shows that British respondents believe that incomes should be made more equal (46.3 % versus 32.1 % which find that larger income differences are necessary). This indicator equally supports the process ideas ‘strong government responsibility’ and ‘trust in governmental intervention’. Other ‘essential characteristics of democracy’, supporting the idea ‘collective solidarity’, although to a lesser extent, are the indicators ‘people receive state aid for unemployment’ and ‘governments tax the rich and subsidize the poor’. This shows that for all survey questions applied here, the specificity corresponds but the degree of commonality differs. Regarding the aspect of government distribution of incomes, the idea ‘collective solidarity’ receives a moderate commonality, but the survey questions about receiving state aid for the unemployed and taxing the rich and subsidizing the poor, receive a rather low commonality.

\(^{108}\) QD1.1 4 Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative? Solidarity – 92 per cent ‘positive/fairly positive’.

\(^{109}\) QB6 From the following items, which two should our society emphasise in order to face major global challenges?
Table 9. Process Ideas – Collective Solidarity/Individual Responsibility

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Great Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomes should be made more equal (V. 116)</td>
<td>46.3</td>
</tr>
<tr>
<td>People receiving state aid for unemployment (V. 155)</td>
<td>13.4</td>
</tr>
<tr>
<td>Governments tax the rich and subsidize the poor (V. 152)</td>
<td>9.4</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.

These results are in line with a 2008 World Public Opinion (WPO) poll where 86 per cent, 93 per cent and 96 per cent of British respondents agree respectively with the statements that ‘the UK government should be responsible for ensuring that its citizens can meet their basic need for food, health care and education’ (WPO 2008). These general questions on societal attitudes towards state activity in society make it obvious that Brits are highly supportive of an active role of the state, depending although on who benefits from this (the poor in general or everybody). For this reason, another concept ‘welfare state’ is surveyed. This provides information on whether social welfare issues should be a private matter or governmental responsibilities. Thus, based on the interaction between the state and the market, a welfare state is characterised by more or less governmental involvement on the one hand, and people responsibility, on the other hand. The following results highlighted in Table 10 clearly shows that respondents from the UK “also want a market economy which is not simply based on a laissez-faire approach, that is to say a more regulated economy which protects their interests” (Eurobarometer 2009b: 139). This provides empirical evidence for and illustrates support of the above-mentioned ideas ‘collective solidarity’ versus ‘individual responsibility’ and the ideas ‘strong’ versus ‘weak government responsibility’ and ‘trust in market forces’ versus ‘trust in governmental regulation’, to be mentioned below.

A majority of UK respondents are in favour of the welfare state (61 per cent) (Eurobarometer 2009c). With regard to the opposing process ideas, ‘strong’ versus ‘weak government responsibility’, Table 10 entails data from the 2006 ISSP where respondents are asked if they

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110 On scale points 1-10, this percentage encompasses scale points 1-5 ‘Incomes should be made more equal’.
111 This encompasses scale point 10 only ‘an essential characteristic of democracy’.
112 This encompasses scale point 10 only ‘an essential characteristic of democracy’.
114 QD1.2 Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative? The result encompasses the answer possibilities ‘very positive/fairly positive’.
think that ‘it should be the government’s responsibility to…’ and then displaying the following issues illustrated in the table below.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide health care for sick</td>
<td>99.0</td>
</tr>
<tr>
<td>Provide living standards for the old</td>
<td>97.5</td>
</tr>
<tr>
<td>Provide living standards for the unemployed</td>
<td>57.4</td>
</tr>
<tr>
<td>Reduce income differences between rich/poor</td>
<td>69.4</td>
</tr>
<tr>
<td>Provide job for everyone</td>
<td>56.1</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on ISSP 2006: Role of Government.

The data clearly shows that there is high support in the UK for the idea ‘strong government responsibility’, as a very high number of respondents (high commonality) agree that the government should be responsible for providing health care for the sick and for the old (99.0 % and 97. % respectively). A comparison of these ideas, all asking for the governments’ responsibility to provide social protection, clearly shows that the public support for state organised welfare also depends on who is going to receive the benefits. Compared to people highly supporting the idea of ‘strong government responsibility’ in terms of social protection for the sick and the old, they are less enthusiastic about this responsibility when it comes to ‘provide living standards for the unemployed’ (57.4 %), to ‘reduce income differences between the rich and the poor’ (69.4 %) and to ‘provide a job for everyone’ (56.1 %). This majority represents a rather moderate to high commonality, as these results nevertheless illustrate that Brits stress a strong responsibility of the people and have moderate to high expectations of the government to intervene in social welfare issues. The majority of respondents thus endorse market intervention. These results however equally show that the idea ‘collective solidarity’ plays a moderate role to the British public as all survey questions and their results refer to respondents’ positive perception of a reciprocal relationship between people and the consensus to provide help and support, which ultimately leads to social inclusion.

Data from the WVS can be used to further trace empirical evidence on these ideas ‘strong’ versus ‘weak government responsibility’. Table 11 shows that more British respondents agree with the statement that the ‘people should take more responsibility to ensure that everyone is

provided for’ than with the statement ‘government should take more responsibility to ensure that everyone is provided for’ (57.2 % versus 41.7 %). Although this is a rather general choice of statements, its degree of commonality does however assume that British respondents do attach a great role to government responsibility and overall, Brits favour a strong involvement of private actors to ensure the well-being of its citizens, which also speaks for the process idea ‘trust in market forces’. According to data from the 2008 European Social Survey (ESS) on welfare attitudes in the EU, when asked how far it should be the responsibility of the government to provide a range of social services (similar to those services in Table 26), Britain scored just over 7 on a 0-10 scale (with 10 indicating greater support for government involvement) (Svallfors 2012: 5). The 2009 Pew GAP illustrates that Brits are quite divided on supporting an active role of the state with 44 per cent of respondents answering the following question in favour of governmental intervention: ‘what’s more important in Britain’s society that everyone be free to pursue their life’s goals without interference from the state, or that the state play an active role in society so as to guarantee that nobody is in need?’ With a large majority being in favour of the latter, 47 per cent is in favour of individual action without state interference. This survey question thus reinforces the process ideas ‘collective solidarity’, ‘strong government responsibility’ and ‘trust in market forces’.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Great Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government should take more responsibility (V. 118)</td>
<td>41.7</td>
</tr>
<tr>
<td>People should take more responsibility (V. 118)</td>
<td>57.2</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.119

Now turning to the concept ‘market economy’, viewed as a process driven by either private actors (self-regulation of the markets) or the government (governmental regulation) (Schirm 2009: 509), the following empirical evidence from public opinion surveys illustrates that results are in line with Britain’s liberal character of a LME. Thus, regarding the way political decision making should be conducted and the involvement of societal groups’ participation, societal attitudes towards this concept are also of significance. Examples of opposing process

117 On scale points 1-10, this percentage encompasses scale points 1-5 ‘The government should take more responsibility’.
118 On scale points of 1-10, this percentage encompasses scale points 6-10 ‘We need larger income differences’.
ideas can emphasise, for example, the indicators ‘trust in market forces’ versus ‘trust in governmental regulation’.

The 2006 BBC/GlobeScan/PIPA polls poses survey questions regarding the views towards the free market economy. In 2006, British respondents are in support of this with 66 per cent and stating that ‘the free economy is the best system’ (‘strongly agree’/’somewhat agree’). This is in line with data from the 2007 Pew GAP where 72 per cent of respondents support the statement ‘most people are better off in a free market economy’ (‘completely agree’/’mostly agree’). Another question posed in the BBC/GlobeScan/PIPA polls in both years, but more specific with regard to governmental regulation, is whether the free market economy works ‘best in society’s interests when accompanied by strong government regulations’. Again, in 2006, 69 per cent of respondents are in favour of the economic system when this goes along with governmental action (BBC/Globescan/PIPA 2006/2008a). Even more specific, in 2006 this survey asks respondents’ opinion on whether it is necessary to increase governmental regulation for ‘protecting the rights of consumers’, ‘protection the rights of workers’ and ‘protecting the environment’. In this order, there is a consensus among British respondents that increased state action is necessary, with 73 per cent favouring more regulation of protecting consumers, 74 per cent favouring protection of workers and 80 per cent agreeing that the state should do more to protect the environment.

With regard to further societal attitudes towards the role of government in the economy, whether the government should try to steer the economic process, or whether self-regulation of the markets should prevail, data from the ISSP can be applied. To measure these attitudes, the survey asks very specific questions whether British respondents are in favour of the government controlling basic market standards, such as wages and prices, but people are also asked what they think about the government actively steering the economy and taking regulating action to protect and create jobs. This data will thus show whether societal attitudes are more in favour of governmental intervention or rather have more in trust in market forces (Table 12).

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120 These results encompass the answer possibilities ‘strongly in favour’ and ‘in favour’. Possibility answers for the survey questions ‘keep prices under control’ and ‘provide industry with the help it needs to grow’ include ‘definitely should be’ and ‘probably should be’.
Table 12. Process Ideas – Government and Economy, Britain (%)\textsuperscript{121}

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cuts in government spending</td>
<td>38.1</td>
</tr>
<tr>
<td>Financing projects to create new jobs</td>
<td>75.1</td>
</tr>
<tr>
<td>Less governmental regulation of business</td>
<td>46.9</td>
</tr>
<tr>
<td>Support industry to develop new products and technology</td>
<td>85.4</td>
</tr>
<tr>
<td>Support for declining industries to protect jobs</td>
<td>61.7</td>
</tr>
<tr>
<td>Reduce the working week to create more jobs</td>
<td>32.8</td>
</tr>
<tr>
<td>Keep prices under control</td>
<td>85.2</td>
</tr>
<tr>
<td>Provide industry with the help it needs to grow</td>
<td>87.9</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on ISSP 2006: Role of Government.\textsuperscript{122}

A first observation is that there is support for rather indirect governmental actions in the economy enabling industries to help themselves, such as the government providing ‘support for the industry to develop new products and technology’ (85.4 %), ‘financing projects to create new jobs’ (75.1 %), and the government should be responsible in ‘providing industry with the help it needs to grow’ (87.9 %). This support is stable with regard to the three questions asked and receives a high commonality. Respondents are however less enthusiastic about direct governmental intervention in the economy, which the following results show. Regarding the survey question if people are in favour of ‘less governmental regulation of business’ 46.9 per cent agree with this statement. Regarding the idea of ‘cuts in government spending’, this is also supported by the majority of respondents (38.1 %). This data thus shows a rather moderate commonality of people being in favour of an active role of government in the economy when it comes to indirect governmental intervention being held responsible for industry growth, assisting in industry’s development of new products and technology and financially supporting projects in order to increase jobs. Equally however, a low commonality also exists with people being in favour of a passive state when it comes to less business regulation and government spending. On the other hand, another direct governmental action in the economy is strongly supported by respondents, most probably because they are directly and personally affected by increasing prices, with 85.4 per cent of respondents agreeing that the government should be responsible ‘to keep prices under control’. Direct governmental intervention in the economy however gains weaker support with 56.8 per cent of respondents being in favour of governmental ‘support for declining industries to protect jobs’ (61.7 %) and 32.8 per cent being in favour of the government to ‘reduce the working week to create more jobs’. Seeing as the former still receives an absolute

majority (moderate degree of commonality) with people agreeing that the government should support declining industries in order to secure jobs, the latter assumes that a shorter working week for the individual could result in a decrease of income, and this way to create jobs and to increase collective employment seems not as desirable (low degree of commonality). With regard to this last issue, the process idea ‘individual responsibility’ plays a larger role than the idea ‘collective solidarity’.

Equally a 2009 BBC/Globescan/PIPA public opinion poll asks respondents about their view on free market capitalism. In Britain, there is very little support for a different economic system with only 19 per cent of respondents agreeing with the statement ‘is fatally flawed and a different economic system is needed’. Another question posed is whether the economic system ‘has problems that can be addressed through regulation and reform’. A slight majority of 57 per cent agree with this statement which thus supports the idea ‘trust in market forces’. Compared to the above data on governmental intervention, the welfare state and social values, which is highly supported by British respondents, the empirical data here shows some contradiction on governmental intervention, the market economy and economic values.

Table 13. Process Ideas – State Intervention/Free Competition

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Great Britain (%)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EB 2007</td>
<td>EB 2009</td>
</tr>
<tr>
<td>Liberalisation(^{123})</td>
<td>49</td>
<td>53</td>
</tr>
<tr>
<td>Protectionism</td>
<td>48</td>
<td>43</td>
</tr>
<tr>
<td>Free competition is the best guarantee for economic prosperity(^{124})</td>
<td>65</td>
<td>67</td>
</tr>
<tr>
<td>The state intervenes too much(^{125})</td>
<td>70</td>
<td>77</td>
</tr>
</tbody>
</table>

Source: Eurobarometer 2007a, Eurobarometer 2007b and Eurobarometer 2009c.

Table 13 illustrates results taken from a 2007 and 2009 Eurobarometer survey question asking British respondents ‘the state intervenes too much’. Results from this survey question back the above-mentioned contradiction as a majority of 70 per cent agree. What is striking though

\(^{123}\) For the terms ‘protectionism’ and ‘liberalism’ the following question was asked: Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative? QD1.5 (protectionism), QD1.7 (liberalisation). The results here encompass the answer possibilities ‘very positive/fairly positive’.

\(^{124}\) These results stem from the Eurobarometer 2007a: 56. QA47_8 For each of the following propositions please tell me if you agree?

\(^{125}\) These results stem from the Eurobarometer 2007a: 58. QA47_1 For each of the following propositions please tell me if you agree?
is that these results taken during the financial and economic crisis are lower compared to those results which stem from a Eurobarometer survey conducted in 2006 (published 2007).

Also notable, referring to Table 13, is that the crisis has also not reinforced protectionist tendencies: on the contrary, the proportion of respondents for whom the term ‘protectionism’ has positive connotations has fallen by five per cent since 2007, whereas positive connotations for the word ‘liberalisation’ had increased by four per cent. When asked specifically asked about ‘free competition is the best guarantee for economic prosperity’, it becomes clear that a large majority of respondents (67 %) accept free competition as a driver of economic growth. The terms ‘protectionism’ and ‘liberalisation’ receive a high commonality, they are however not elaborated upon and are not put into a specific context or policy. These indicators can nevertheless be visualised more by using further data from the 2007 and 2009 Eurobarometer public opinion polls (Table 13) and the 2006 BBC/Globescan/PIPA poll. Whereas the former poll asks whether the following general terms, ‘company’, ‘competition’ and ‘competitiveness’ bring positive or negative connotations to respondents’ minds (Eurobarometer 2009b: 125), the latter asks specific questions with regard to their confidence in large and foreign companies.

It should be noted here in the 2007 and 2009 Eurobarometer polling, that these survey questions (Table 14) are asked both before and during the financial and economic crisis, which provides a clear comparison of societal attitudes across these years. The results illustrate that the financial and economic crisis, during which the EU-Korea FTA agreement was negotiated, did not have a negative impact on British confidence in the market economy as there was a broad support for the three free market principles, with the general terms ‘company’ and ‘competitiveness’ having received higher results (very positive/positive) than before the start of the financial and economic crisis.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Great Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EB 2007</td>
</tr>
<tr>
<td>Company</td>
<td>52</td>
</tr>
<tr>
<td>Competition</td>
<td>n/a</td>
</tr>
<tr>
<td>Competitiveness</td>
<td>65</td>
</tr>
</tbody>
</table>

For these terms the following question was asked: Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative?

Table 14. Process Ideas – Market Economy

126
Empirical evidence from the WVS survey backs this with a high commonality, a large majority percentage of British respondents state that they find that ‘competition is good’ (72.5 %).127

However, although Brits are in favour of free markets, they seem to be more concerned about certain aspects of the free market economy when more specific questions are asked, as is done for example in the 2006 BBC/Globescan/PIPA survey. Here the respondents are asked whether they have confidence in ‘large UK companies’ and ‘global companies’ operating in Britain to operate in the best interest of our society’. Brits do not have confidence both in large domestic companies (50 % versus 47 %) or global companies operating locally (41 % versus 53 %) (‘not much trust’/‘no trust at all versus ‘a lot of trust’/‘some trust’). One ‘essential characteristic of democracy’ mentioned in Table 23 which has not been looked at so far is the survey question regarding an ‘essential characteristic of democracy’ being that ‘the economy is prospering’ (V. 158). Although this is viewed by 14.6 per cent of British respondents (low commonality) as being an ‘essential characteristic of democracy’, compared to electoral provisions, civil rights, social welfare and wealth distribution, it is ranked at the bottom. This is backed by empirical evidence from the 2009 Pew Global Attitudes survey, where 56 per cent of Brits respondents believe that ‘a good democracy’ is more important than a strong economy’ (37 %).128 A slight majority of Brits thus choose a well-functioning democracy over economic prosperity, which the empirical evidence on the concepts democracy and market economy above has equally illustrated. When not directly asked about the concepts of democracy, solidarity, welfare state and market economy, but specifically about what respondents find the most important thing government should deal with in the near future, Table 15 illustrates that 36.4 per cent of respondents think that the government’s top priority should be to support ‘a high level of economic growth’. This is followed 41.6 per cent of respondents agreeing with the statement that ‘people should have more say about things’. These results show that more respondents thus find that taking care of increasing people’s responsibility should be the country’s top priority for the next ten years. than those who agree with the statement that the government’s aim should be to increase economic prosperity.

127 On scale points of 1-10, this percentage encompasses scale points 1-5 ‘competition is good’ (V.119).
128 Pew Global Attitudes, Fall 2009 Question 43 ‘If you had to choose between a good democracy or a strong economy, which would you say is more important?’
Table 15. Aims of Country – Great Britain

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Great Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A high level of economic growth</td>
<td>36.4</td>
</tr>
<tr>
<td>People should have more say about things</td>
<td>41.6</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.\textsuperscript{130}

3.1.1 Specification of H2

Having contextualised the independent variable societal ideas, in this case by applying the process ideas which have evidenced that the dominant expectations about the conduct of Britain government’s political decision making is in line with the country as a LME,\textsuperscript{129} the first step of this multi-step analysis includes that the findings from this step are then used to equally specify the theoretical arguments at the beginning of each section into a specific hypothesis. As has been done previously for the independent variable domestic interests, the purpose of this is to narrow down the general hypothesis in order to focus on a single national context. Recalling these main hypotheses, they link the prevalence of one independent variable in the governmental preference formation process with a specific condition, either the impact on sector or the issue at stake (Theoretical Framework). The specified hypotheses link individual societal interests or ideas with their specific conditions within the context of the country selection, in this case Great Britain, and the case study, the EU-Korea trade agreement. For this reason and in order to subsequently conduct both the second and third step of the multi-step analysis, the general hypothesis H2 featuring the independent variable of domestic ideas needs specification.

Recalling the condition issue at stake, and in line with the societal approach, the general H2 states that when specific trade issues focus on fundamental issues about acceptable governmental policies, that is the role of government in steering the economy and domestic interests are affected diffusely, then domestic ideas will dominate interest in shaping governmental trade positions (Theoretical Framework). Thus, the condition issue at stake means that if trade issues deal with fundamental questions about the role of politics versus the market in steering the economy because these affect value-based collective expectations about appropriate governmental behaviour, and domestic economic sectors are not directly but diffusely affected, then value-based societal ideas will predominantly shape governmental

\textsuperscript{129} Other answer possibilities are ‘strong defence forces’ (2.2 %) and ‘trying to make our cities more beautiful’ (3.9 %).

\textsuperscript{130} http://www.worldvaluessurvey.org/WVSOnline.jsp (Accessed August 10, 2016).
trade positions. Based on these findings in the previous step of contextualisation of the independent variable of British domestic ideas within the EU-Korea FTA context, the general H2 will be specified. In line with the societal approach, but applied and adjusted to the context of this chapter’s country and case study selection, the respective specification of this hypothesis accordingly claims that when British voters’ and NGOs’ collective shared expectations on appropriate UK governmental behaviour are affected by fundamental questions concerning the role of politics in steering the economy due to specific EU-Korea trade issues, and domestic interests are affected diffusely then these value-based societal ideas will prevail in shaping the UK governmental trade position.

3.2 Identification of Domestic Ideas (Content Ideas)
The previous sub-section has specified the value-based societal idea, process ideas to the empirical context which has revealed that British expectations of the governments’ political decision making are in line with the country’s ‘liberal’ economic system. The second step of the analysis now continues with the identification of the societal demands, i.e. with the second type of the independent variable value-based societal ideas, content ideas which are defined in the theoretical framework as dominant expectations of the government’s primary task in a given policy area. In this study, content ideas are thus delineated as dominant expectations of the UK government’s primary task in trade policy. Specific content ideas are those ideas which underline the responsibility of the state in connection with trade policy and thus public opinion polls are applied which specifically focus on this policy.

3.2.1 Societal Attitudes towards Trade Liberalisation
As mentioned in the methodological part of this study, value-based societal ideas will be determined by consulting a combination of public opinion poll data, mainly the public opinion polls from the Economic Policy programme of the German Marshall Fund (GMF) of the United States. The GMF has conducted several public opinion polls in order to establish “a baseline for trends over time” (GMF 2005: 3) where societal attitudes are examined for example towards free markets, international trade, the impact of trade liberalisation on jobs and labour and environmental standards and the extent to which trade offers benefits such as prosperity, security, lower product prices and more product choice (GMF 2007a: 3). Table 16 highlights the most significant results from the GMF public opinion polls, ranging from the years 2004-2007 which provides potential consistency or variation of societal attitudes towards trade policy.
As mentioned in the previous sub-section on process ideas, most Brits are supportive of the free market economy and despite the financial and economic crisis, this support stayed consistent over the years 2007 - 2009, during which the EU-Korea FTA negotiations took place. This support for free markets includes international trade. In 2007, a strong majority of 74 per cent of British respondents are highly in favour of international trade, defined as “global commerce” (GMF 2006: 8). This supporting opinion towards international trade varies only slightly over the years as it was lower in 2005 but marginally higher 2006, with 72 per cent and 76 per cent of respondents respectively showing a strong support towards international trade (GMF 2007b). Equally in 2007, when asked specifically about free trade, defined as “more trade liberalisation” (GMF 2006: 8), a majority of 84 per cent of respondents are in favour of this by stating that they favour freer trade, that is, ‘making it easier to buy and sell products internationally by reducing tariffs and other barriers to trade’. Although marginally different, in 2006 and 2007 British respondents favour the term ‘international trade’ over ‘freer trade’, most probably because the former is more generally defined whereas the latter specifically addresses the benefits of the lowering of tariffs and other trade barriers (GMF 2006: 8).

Table 16. Content Ideas – Trade Liberalisation (%)

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2005</td>
</tr>
<tr>
<td>International trade</td>
<td>72</td>
</tr>
<tr>
<td>Freer trade</td>
<td>84</td>
</tr>
<tr>
<td>Keep trade barriers to protect businesses</td>
<td>46</td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td></td>
</tr>
<tr>
<td>Freer trade provides more market access</td>
<td>91</td>
</tr>
<tr>
<td>Freer trade provides consumer benefits</td>
<td>79</td>
</tr>
<tr>
<td>Freer trade makes the world stable</td>
<td>90</td>
</tr>
<tr>
<td>Freer trade adds to domestic and global prosperity</td>
<td>90</td>
</tr>
<tr>
<td><strong>Costs</strong></td>
<td></td>
</tr>
<tr>
<td>Freer trade leads to social and economic inequality</td>
<td>42</td>
</tr>
<tr>
<td>Trade costs more jobs</td>
<td>41</td>
</tr>
<tr>
<td>Freer trade leads to lower quality jobs</td>
<td>35</td>
</tr>
<tr>
<td>High labour and environmental standards</td>
<td>57</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on GMF 2007b.

131 Q4 I am now going to ask you about freer trade, that is to say making it easier to buy and sell products internationally by reducing tariffs and other barriers to trade. Which of the following two statements about freer trade comes closest to your view? I am in favor of freer trade. I am not in favor of freer trade. (GMF 2007: 11).
132 Q14 Now thinking about you and your family – do you think the growing trade and business ties between our country and other countries are very good, somewhat good, somewhat bad or very bad for you and your family?
The 2009 Pew GAP survey poses a different question with regard to trade where an even larger majority (87 %) of respondents think increasing trade connections with other countries are good (‘very good’/‘somewhat good’). Table 17 illustrates that Brits have provided a high and consistent support over the time period 2002 – 2009. It also reveals that before and during the EU-Korea FTA negotiations, and equally during the financial and economic crisis, an economic breakdown did not impact public opinion towards the liberalisation of trade.

Table 17. Content Ideas – Trade and Business Ties (%)

<table>
<thead>
<tr>
<th>What do you think about the growing trade and business ties between (survey country) and other countries?</th>
<th>2002</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Great Britain</td>
<td>87</td>
<td>78</td>
<td>77</td>
<td>82</td>
</tr>
</tbody>
</table>

Source: Pew GAP 2009 Q13

Data from Table 16 shows that Brits are however very confident that trade liberalisation leads to consumer benefits in and more export opportunities for the UK. Regarding the former, 77 per cent of respondents (down from 79 % in 2006) agree that trade liberalisation ‘leads to lower prices and more product choices for consumers’, whereas a strong majority of 85 per cent believe that the liberalisation of trade ‘enables UK businesses to access new markets’.

Table 16 not only highlights societal attitudes towards the costs of trade liberalisation, but equally illustrates how the benefits from trade liberalisation are perceived by the UK public. British views on the potential foreign policy benefits from freer trade are positive, although this changed from 90 per cent in 2005 to 75 per cent in 2007 of respondents thinking that trade ‘makes the world more stable’. Equally, support for freer trade in helping to increase prosperity gradually declined between 2005 and 2007, from a strong majority of 90 per cent to a majority of 77 per cent believing that ‘freer trade helps to provide prosperity, both in Britain and in other parts of the world’. Although overall, the Brits thus do embrace international trade and its potential benefits, when looking at potential costs of trade liberalisation, 41 per cent of British respondents are aware that trade liberalisation does not only create winners as it can lead ‘to more economic and social inequality’ in the UK.

Again, turning back to Table 16 with a focus on 2007, respondents are also slightly anxious about trade liberalisation when it comes to losing jobs, with 42 per cent of respondents agreeing that reducing tariffs and other barriers to trade ‘costs more British jobs than it creates’. Almost four in ten (38 %) think that trade liberalisation has a negative effect on and results in ‘lower quality jobs’ in the UK.
3.2.2 Societal Attitudes towards Social Trade Issues

The above sub-section has shown that the overall favourable UK attitudes towards ‘international trade’, ‘freer trade’ or ‘economic globalisation’ means that the UK public has high expectations of the government’s task in traditional trade issues, with regard to trade liberalisation and protection and the resulting the costs and benefits. UK societal attitudes thus attach a great role to the distributional concerns of trade liberalisation, and it is thus of significance to analyse these attitudes towards social trade issues, for example protection of the environment.

When it comes to the values protecting the environment versus economic growth, Brits are ready to put protection of the environment before economic growth. Table 18 illustrates that in 2003, 2006 and 2008, a strong majority of UK respondents (70 %, 83 % and 75 %, respectively) agree that environmental protection should be the priority among these two (‘totally agree’/‘tend to agree’) while a lower proportion (40 %, 35 % and 40 %, respectively) agree that economic growth should be prioritised even if it affects the environment (‘totally agree’/‘tend to agree’).  

It should be noted that this support had stayed relatively constant over this time period of 5 years, even facing the economic downturn did not have a negative influence on this support for environmental protection.

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>Great Britain</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EB 2003</td>
</tr>
<tr>
<td>Protecting the environment should be a priority for (our country), even if it affects the economic growth</td>
<td>70</td>
</tr>
<tr>
<td>Economic growth must be a priority for (our country), even if it affects the environment</td>
<td>40</td>
</tr>
</tbody>
</table>


Potential costs of trade liberalisation can be felt when focusing on ‘behind the border’ issues like standards and regulation. Turning back to Table 16, 61 per cent of Brits agree that high labour and environmental standards puts their country at an disadvantage when conducting free trade.

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133 In EB 2005 QB8b and in EB 2008 QF11 And thinking about environmental protection, to which of the following two opinions do you feel the closest? Environmental protection must be given priority over the competitiveness of the economy or Environmental protection must not be given priority over the competitiveness of the economy. EB 2005 fieldwork was conducted in November 2004.

134 Questions QD1a.6 and QD1a.5 respectively (Eurobarometer 2008a).
That the majority of respondents are in line with this statement thus underlines the fact that although British respondents are highly in favour of international trade, more so than they are for fair trade, they are however aware that trade liberalisation benefits the country’s overall prosperity, but specific gains go to large companies more than ordinary citizens. Also, although respondents are not as much in favour of fair trade as they are for international trade, they do not agree with trade liberalisation at all costs, as they expect social trade issues, such as labour and environmental standards to be integrated within trade agreements. Concerns about the effect of trade liberalisation on jobs as well as on the environment prompt respondents to believe that trade agreements should include requirements to comply with international labour and environmental standards in order to prevent a ‘race to the bottom’, as companies move to countries with less protection.

As one of the main ideas of the sustainable development concept is that environmental and social factors are given equal consideration with economic factors in trade agreements, the 2005 and 2008 Eurobarometers, which investigate attitudes towards the environment, also examine how the environment is positioned among economic and social factors.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Britain (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EB 2005</td>
</tr>
<tr>
<td>Environmental factors</td>
<td>68</td>
</tr>
<tr>
<td>Social factors</td>
<td>65</td>
</tr>
<tr>
<td>Economic factors</td>
<td>69</td>
</tr>
</tbody>
</table>

Source: Eurobarometer 2005 and Eurobarometer 2008a.

Table 19 shows that all three factors seem to be important to British respondents, with an increase in percentage of all three factors during the two years of examination. It is thus of importance to note that British respondents attach an equal important role to environmental, social and economic factors. This data also illustrates that the negative economic situation in which the EU-Korea FTA was negotiated did not shape respondents in prioritising economic factors over environmental ones.

135 Q6.1 (EB 2005) QF9 (EB 2008a) In your opinion, to what extent do the following factors influence your “quality of life”. State of the environment, economic factors, social factors. Very much, quite a lot, not much, not at all.
**Non-Governmental Organisations (NGOs)**

Now the societal actors representing the independent variable domestic ideas and their dominant expectations of the government’s primary task in trade policy is being analysed. This sub-section is similar to the ones conducted on domestic interests, where statements and positions of national interest federations/sectoral associations and the trade union were investigated. This means that first of all, evidence will focus on these actors’ attitudes towards the multilateral approach of trade liberalisation in general, and towards the DDR in specific. Secondly, the same will be done but with a specific focus on societal attitudes towards the EU-Korea FTA negotiations. The NGOs included in this study are those who, where identified previously, has having privileged access to the UK government by being involved in the TPCF discussions; Friends of the Earth UK, War on Want, World Development Movement and ActionAid.

UK NGOs have been very critical of the DDR negotiations and welcomed each collapse of negotiation rounds (Friends of the Earth 2005, 2006). After DDR negotiations broke down in July 2006, Friends of the Earth UK demanded a review both of the flaws of past negotiations and the WTO as a trading system which could lead to the creation of a “multilateral governance systems that will genuinely promote fair and sustainable societies that benefit everyone” (Friends of the Earth 2006). Friends of the Earth UK were highly critical of the DDR because

> The so-called ‘Doha Development Agenda’ is not about development. (…) The current trade liberalizing agenda is not working for the majority of people in the developing countries. It is clear that the interests of the largest and most powerful countries and their transnational companies continue to dominate the WTO’s agenda” (Friends of the Earth 2006).

Prior to the Hong Kong Ministerial Conference, War on Want’s Director of Campaigns and Policy John Hilary stated that he was concerned about a pro-development outcome of the DDR (House of Commons 2006b: 79). He stated that generally not all NGOs “are against all forms of trade liberalisation”, which was underlined by Peter Hardstaff, Head of Policy of the World Development Movement who said that

> “I think the important point is that trade justice is about managing trade, rather than an idea of progressive liberalisation for everyone. (…) I think the fundamental problem with that is that it does not take into account the divergent stages of development, the differences and circumstances between a very wide range of countries” (House of Commons 2006b: Ev 2).
Picking up on this, War on Want was dissatisfied with the DDR and the position the UK government endorsed in this negotiation round. Mr. Hilary stated that the round “failed to deliver anything which resembles development” (House of Commons 2006b: Ev 5) and the government only rhetorically acknowledged that not all countries are in the situation to open up their markets, but when it however came down to it, the government represented

“unfortunately the position which they are in fact advocating at the WTO is one which opens up all those countries to sweeping liberalisation and that, in our view (…) would be highly damaging” (House of Commons 2006b: Ev 8).

After the collapse of the DDR however, fears increased that following the suspension of this round would result in trade actors turning to bilateral FTAs as a means to gain market access in foreign markets (Oxfam 2006). According to Choudry (2014: 108), although the Global Europe strategy was criticised by several NGOs, relatively little NGO activism had targeted the new generation of bilateral FTAs. Those NGOs which were active were members in particular of the Seattle to Brussels (S2B) network which stated that

“the outward-looking policy marks a new beginning for the EU’s relations with other countries, with an emphasis on unapologetic self-interest at its core” (S2B 2006a: 177).

Trade policy had not been very high on the agenda of most NGOs and especially the much lower profiles of bilateral FTAs than WTO negotiations meant that these received less scrutiny (Choudry 2014: 108). The aggressive market access agenda and the uncertain impact of issues such as workers’ rights, consumer rights and the environment, however made the Global Europe strategy a turning point where trade policy become an increasing controversial topic amongst NGOs (S2B 2006b: 1). The Global Europe communication states that

“the greater the consistency in rules and practices with our main partners, the better for EU business. To do so effectively we must also take account of the external dimension in making our regulatory and other standards. This is not about downgrading our rules. It is about taking an open and flexible approach in setting our rules and seeking to prevent future trade friction – and so support European business – where possible.” (European Commission 2006a: 9).

Basically confirming that this agenda is thus in line with business interests, NGOs were concerned with the impact of the ‘harmonisation’ of standards and did in fact view this as the downgrading of standards, which would harm markets on a global scale (WoW 2006: 4).
In the UK, the S2B members who criticised and rejected the Global Europe strategy were also members of the Trade Justice Movement, namely War on Want (WoW), World Development Movement (WDM) and Friends of the Earth, UK.\textsuperscript{136} War on Want has been the most vocal NGO campaigning to stop the new generation of FTAs with the aim “to overturn the Global Europe strategy” (War on Want website).\textsuperscript{137} In its position paper entitled “Global Europe: A Critique of the European Commission’s Policy Paper on External Competitiveness”, War on Want states that the Global Europe communication’s main aim, the deregulation of major social and environmental standards in return for competitiveness, did not “mention the damage which such an agenda will cause to the peoples, the environment or the social model of the EU” (War on Want 2006: 3). As bilateral FTAs were introduced because business could achieve greater gains through the bilateral route, compared to the multilateral level, War on Want criticised the Korea, India and ASEAN negotiation mandates and believed that the “threat posed by this corporate agenda demands a comprehensive political response from civil society in the EU and throughout the world” (WoW 2006: 4). John Hilary called on the UK government to “reject the Mandelson vision outright and build a trade policy based on justice and fairness, not aggressive self-interest” (Euractiv 2006).

The fact that trade liberalisation would lead to an increase in growth and jobs, as stated by the Global Europe communication is contested also by other NGOs, such as Friends of the Earth and World Development Movement. These NGOs believe that the liberalisation across all sectors would only benefit a handful of large corporations which means “more power for the corporations and less power for the people to regulate the economy” (S2B 2007: 1). On the occasion of the third EU-Korea FTA negotiation round, these two UK NGOs protested against the free trade agreement\textsuperscript{138} because

“it will have devastating impacts for the workers, the farmers, the environment and the democracy in both sides. The argument that Korea is an OECD country and therefore will not suffer these effects is misleading and fails to acknowledge that FTAs are agreements between capital and corporations and that workers and farmers are left behind. While governments say more free-trade will bring more wealth and jobs for the people, the experience shows that such agreements have led to relocation, loss of jobs in the industry and in the

\textsuperscript{137}As part of the larger S2B network.
\textsuperscript{138}See DGB’s position on the Trade in Services Agreement (TISA) thereby simultaneously referring to the General Agreement on Trade in Services (GATS). The liberalisation of trade in services is viewed by the DGB as a threat to governmental regulation, i.e. “the existing space of domestic regulation of public and existential services” (McGuire and Scherer 2010: 44).
agricultural sector and worsening labour conditions with a particular strong
impact on women” (S2B 2007: 1).

In a 2005 position paper, Friends of the Earth Executive Director Tony Juniper complained
that the UK government only listened to business interests and called on the government “to
consider its policy decisions in terms of the health and wellbeing of the whole of society”
(McRae 2005: 7).

“Government needs to seek out, and listen to, the progressive voices of
business that acknowledge and support regulation that enables business to
deliver on sustainable development” (McRae 2005: 6).

This position was supported by ActionAid which believed that the Global Europe strategy
“continues to pay scant attention to the impact of its trade policies on poor people,
development and the environment, yet prioritises the interests of business” (House of
Commons 2008b: Ev 34). For this reason, it believed that Global Europe did not reflect the
trade priority of the UK government to put development at the heart of trade policy.

3.3 Domestic Ideas’ Presence in Governmental Trade Positions

As mentioned earlier, the 2004 DTI White Paper on Trade and Investment dealt with the UK
government’s focus on open markets and economic prosperity but it equally puts emphasis on
both a free and fair world trading system by emphasising the following:

“Our approach to international trade and investment is part of our broader
commitment to sustainable development – making economic, social and
environmental progress in such a way that we achieve development that meets
the needs of the present without compromising the ability of future generations
to meet their own needs” (DTI 2004a: 9).

The government thus recognises that trade liberalisation is not only about ensuring economic
growth but equally about taking sustainable development into consideration. This paper
however does not elaborate in detail on what it aims to achieve in sustainable development in
bilateral trade agreements, or the EU-Korea FTA in specific. Equally, both the 2006 FCO
White Paper and the 2007 FCO publication “Global Europe” refer to sustainable development
and also the importance of protection of the environment, but this however was put into the
context of poverty reduction, climate change and good governance and is also short on
information with regard to the government’s position towards this issue in FTA agreements
(FCO 2006: 35). Young and Peterson have argued that British governments
“have particularly pushed a development agenda, even being cautious in their support for environmental and labour standards lest they harm developing countries’ competitiveness” (Young and Peterson 2006: 797).

Both the DTI and BERR archived websites mention the trade and the environment linkage, hereby however referring to the multilateral trading system. BERR stated that

“at the WTO 4th Ministerial in Doha, which took place in November 2001, environment was included on the agenda for the first time. This important step must not be underestimated. It is the first time that the links between trade and environment have been explicitly recognised as part of a Round” (BERR 2008e).

In a joint memorandum submitted to the 2006 House of Commons inquiry on trade, development and the environment, the DTI, DEFRA and DFID stated the UK government’s objectives of a pro-liberalisation and pro-development outcome of the DDR negotiations.

“The UK Government is committed to the development of an open and rules-based international trading system that fulfils its potential to facilitate sustainable economic growth and contributes to the reduction of poverty in poorer countries” (House of Commons 2006c: Ev 57).

In a speech to the CBI, Minister for Trade and Development Gareth Thomas mentioned the importance of the UK government to promote free and fair trade of which alongside the DDR, bilateral trade agreements would play a key part of improving trading opportunities and opening up new markets. Mr. Thomas viewed the EU-Korea FTA as a short term priority trade partner for the UK and hoped to ensure a trade agreement which were to genuinely address the trade barriers facing UK business (DFID 2008). During the 2008 TUC Congress, Mr. Thomas addressed the fact that free trade and open market has negative consequences

“Free trade does not automatically ensure everyone gets a fair share of the prosperity it creates. And many people worry that trade will create a “race to the bottom”, with jobs migrating to countries with below-subsistence wages, little protection for labour rights, and poor environmental standards” (DFID 2008b).

He continued by saying that trade can be used as “a powerful tool” to protect workers’ rights and the environment and all countries should promote labour standards and support sustainable development (DFID 2008b). The UK government’s approach towards these issues “is based on incentives rather than sanctions” and every country should uphold the four CLS, which is why
“We continue to press for commitments to core labour standards in all EU Free Trade Agreements, and we have made sure that the FTA negotiations with India, South Korea and the ASEAN group cover both labour and environmental issues” (DFID 2008b).

The UK government strongly supported the inclusion of environment in the DDR mandate as it believed that trade liberalisation has the potential to have a positive influence on the environment (House of Commons 2007c). In order to ensure that trade agreements are sustainable on a long term basis and in order to assess the potential environmental impact of any trade agreement, the government

“strongly supports the use of SIAs in trade policy making in order to increase any potential benefits whilst reducing negative side-effects on the environment” (House of Commons 2006c EV 58).

Amanda Brooks, of the DTI Multilateral Trade Negotiations section stated that with regard to trade liberalisation

“whilst it brings many positives also does bring some negatives, and therefore it is important that in sustainability impact assessments we think about how we can mitigate the impact of the negatives and reduce those to the bare minimum” (House of Commons 2006c: 64).

The UK government thus supports the trade and environment nexus in trade negotiations because trade and environmental policies can play an equally “supportive role in favour of sustainable development” (House of Commons 2006c: Ev 63). In the government’s response to the House of Commons inquiry on international trade, development and environment, it was stated the new FTA planned with Korea FTA, as well as the other FTAs in the pipeline offer opportunities to advance the objectives of sustainable development. The UK government in fact

“urged the Commission to ensure that the environmental and developmental implications of the new FTAs are considered in parallel with the economic benefits of an agreement” (House of Commons 2007c: 21).

The UK government explained that while being consulted by the Commission on the text of the EU-Korea mandate, it emphasised the importance of pursuing a high level of ambition with regard to sustainable development (House of Commons 2007c: 21) and aimed to continue to press for this to make sure that all countries would follow applying the issue of sustainable development in FTAs as an example (House of Commons 2007d: 2).
3.3.1 Testing H2 and Determining Governmental Responsiveness Correlations

The purpose here is to examine the interactions between discourses, namely between societal actors, on the one hand, voters and NGOs and of the UK government, on the other and, whether the latter has been responsive to the former and under which conditions. The evidence which follows from the analysis conducted above supports the following conclusions. First, it shows strong support for H2, with domestic ideas, i.e. voters directly affected by EU-Korea FTA trade issues dominating the domestic preference formation. Second, the analysis suggests a strong degree of government responsiveness to these types of domestic ideas. Regarding NGOs, the evidence shows no support for H2 and a no degree of government responsiveness to these societal actors, as there is correlation between NGO commentary and government commentary and thus no evidence that these types of domestic ideas were reflected in the domestic preference formation.

This subsection of the multi-step analysis will recall on all steps previously highlighted and will then test hypothesis 2 and determine the degree of governmental responsiveness to domestic ideas. In order of doing so, it is necessary here to recall the specific H2, which claims that when British voters’ and NGOs’ collective shared expectations on appropriate governmental behaviour are affected by fundamental questions concerning the role of politics in steering the economy due to specific EU-Korea trade issues, and domestic interests are affected diffusely then these domestic ideas will prevail in shaping the UK governmental trade position.

In order to set the scene and to analyse the context in which domestic ideas were embedded, focus in the first step of the multi-analysis step was on process ideas only. This contextualisation was necessary in order to investigate whether these societal attitudes correspond to Britain as a CME, as expected by the literature. Process ideas have been defined as dominant expectations about the conduct of the UK government’s political decision making. The chosen opposing process ideas fit into the concepts ‘democracy’, ‘welfare state’, ‘solidarity’, and ‘market economy’, and are as follows; leadership’ versus ‘inclusive decision making’, ‘collective solidarity’ versus ‘individual responsibility’, ‘strong government responsibility’ versus ‘weak government responsibility’, and ‘trust in market forces’ versus ‘trust in governmental regulation’. Data on these process ideas shows that the process ideas ‘leadership’, ‘individual responsibility’, ‘weak government responsibility’, and ‘trust in market forces’ receive a higher acceptance of the British public than their opposing process
ideas. Also, they represent overall, a high to moderate commonality and specificity. These latter characteristics make the domestic ideas relevant for the re-election of government as they can account for appropriate governmental behaviour and thus are assumed to shape the UK trade position. The process ideas chosen here thus underline that with regard to the methods of political decision making, Brits tend to emphasise majoritarian (competitive) oriented decision making and the winner-takes-all coalitions, in line with the ‘liberal’ economic system.

With regard to content ideas, the dominant expectations of the UK government’s primary task in trade policy, respondents from Britain were highly in favour of a set of arguments in support of trade liberalisation as they recognised the benefits of opening new markets, the creation of jobs and more choice for consumers. Respondents are also open to the idea that trade contributes to more stability in the world by putting people from different countries in direct contact with each other. Although still generating majority support, people are less likely to believe that trade will lead to lower prices for consumers. Also, UK respondents do not seem to be so much concerned that international trade agreements can result in the loss of jobs and less quality of jobs at home. Equally, although international trade is welcomed by British respondents as it contributes to prosperity, the government should ensure that this does not lead to social and economic inequality and that the difference between rich and poor does not increase. With regard to British societal attitudes towards social trade issues, people are also wary of concerns regarding workers and the environment. When it comes to the values protecting the environment, Brits favour the former over the latter and are highly in favour of including labour and environmental standards in trade agreements, so that domestic workers are not put at a disadvantage. Overall however, it can be said that Brits attach a high importance to social trade issues, and condition these to the liberalisation of trade.

This is in line with the government commentary, as the UK government has equally attached a high importance to the connection of social trade and the liberalisation of trade. Of the various statements found, the following statement evidences this the most. While, stressing the importance of the economic dimension, i.e. the strengthening of trade and the international competitiveness of businesses, emphasis is on both a free and fair world trading system.

“Our approach to international trade and investment is part of our broader commitment to sustainable development – making economic, social and environmental progress in such a way that we achieve development that meets
the needs of the present without compromising the ability of future generations to meet their own needs” (DTI 2004a: 9).

This evidence thus shows strong support for H2, with domestic ideas, i.e. voters directly affected by EU-Korea FTA trade issues dominating the domestic preference formation. Second, the analysis suggests a high degree of government responsiveness to these domestic ideas.

With regard to the evidence supporting H2, this is viewed to be rather weak for NGOs as they were all extremely critical of the Global Europe strategy and the EU-Korea FTA. On the occasion of the third EU-Korea FTA negotiation round, these two UK NGOs protested against the free trade agreement139 because

“it will have devastating impacts for the workers, the farmers, the environment and the democracy in both sides. The argument that Korea is an OECD country and therefore will not suffer these effects is misleading and fails to acknowledge that FTAs are agreements between capital and corporations and that workers and farmers are left behind. While governments say more free-trade will bring more wealth and jobs for the people, the experience shows that such agreements have led to relocation, loss of jobs in the industry and in the agricultural sector and worsening labour conditions with a particular strong impact on women” (S2B 2007: 1).

Given the UK government commentary, it has been illustrated here that the interests from industry, the trade union and voters have been reflected in its trade position. The concerns of NGOs were however not included in this trade position. UK government commentary was primarily focused on the successful conclusion of the DDR, and in addition to multilateral liberalisation, UK government found it important to introduce bilateral FTAs in order to create a level playing field which could compensate for competitive disadvantages against competitors.

“As recognised in the European Commission’s Global Europe paper, it is vital for the EU to be an active driver of an open rule-based global trading system, to keep its own borders open to trade and investment and to push strongly for others to do the same. For this reason, the EU must remain a strong advocate for the completion of the Doha world trade round and should continue to prioritise Free Trade Agreements with Korea, India and ASEAN” (BIS 2009a).

139 See DGB’s position on the Trade in Services Agreement (TISA) thereby simultaneously referring to the General Agreement on Trade in Services (GATS). The liberalisation of trade in services is viewed by the DGB as a threat to governmental regulation, i.e. “the existing space of domestic regulation of public and existential services” (McGuire and Scherer 2010: 44).
This thus concludes that evidence shows strong support for H2, with domestic ideas, i.e. voters directly affected by EU-Korea FTA trade issues dominating the domestic preference formation. Second, the analysis suggests a strong degree of government responsiveness to these types of domestic ideas. Regarding NGOs, the evidence shows no support for H2 and a no degree of government responsiveness to these societal actors, as there is correlation between NGO commentary and government commentary and thus no evidence that these types of domestic ideas were reflected in the domestic preference formation.
CHAPTER 6: GERMANY

This chapter will test the theoretical prepositions of the societal approach to governmental preference formation in the case study on the EU-Korea FTA negotiations, with Germany as the case study country. As done in the previous chapter on Great Britain, it will now first of all start with an introduction on Germany’s external trade policy and the societal actors involved in shaping its government’s trade positions. It will then continue with the application of the multi-step analysis as explained in the methodology part. The results are then discussed in the final section, which serves as a conclusion to this chapter.

1. Introduction
As an open economy with a strong industrial base, producing around one third of its GDP for export, Germany’s economic decisions are subject to the need to compete in the world economy (Siebert 2005: 1). Within the time frame of this particular case study (2006-2009), it is no surprise that Germany plays a leading role in international trade, with a strong export dependency and international competitiveness. This is confirmed by the limited literature on Germany’s external trade policy, where Germany is viewed as a liberal leader (Mildner 2016: 376), as “one of the power houses in international trade” (Falke 2005a: 20) and an “Exportweltmeister” (Statistisches Bundesamt 2007). Germany has been described as a “Handelsstaat” (Staack 2007: 66), or “Handelsnation” (Mildner 2016: 358) with the so-called Mittelstand, small and medium-sized firms, playing a significant role in most internationally competitive sectors (Freund 2001: 23). Its external trade policy is generally characterised as free trade oriented with a multilateral stance with trade liberalisation and the push for open markets, both at home and abroad, at the centre of its trade policy (Falke 2006: 187). This characterisation of German trade policy is accounted for by domestic actors’ aim of opening domestic and foreign markets (Freund 2001: 231). Although the German government actively promotes market opening at home and abroad, it does not do this at all costs (Mildner 2016: 366). According to Falke (2006: 187), Germany has never been “an absolute free trader” as its protectionist behaviour was displayed for example by those domestic actors facing import competition, such as in the manufacturing sector (coal, textile, steel, mining and shipbuilding) and the agricultural sector (Freund 2001: 231). Whereas the protectionism in these subsectors of manufacturing has faded, the agricultural sector does still enjoy great protectionist support (Falke 2011: 306). Germany’s export strengths are in the export capacity of industrial sectors such as electrical engineering, machinery and automobiles (Falke 2006: 185) where it seeks
market access-based liberalisation, whereas it is not so open with regard to services (Falke 2006: 187; Woolcock 2005b: 390). According to Howell and Hume (1992: 156) “the continued prosperity of the Germany economy is linked to the maintenance of a stable, liberal international trading order”. Thus, there is a broad consensus that German external trade policy is generally characterised by free trade principles which Falke has characterised as “open markets, rejection of state intervention and an open and stable world trading system” (Falke 2011: 306). It is thus supportive of multilateral rules for international trade (Freund 2001: 231) which are best presented in the WTO (Lüticken 2006: 103-106).

Germany has embraced a broad trade agenda, a so-called “post-modern trade policy agenda” (Falke 2005c), in which it includes not only traditional trade issues, but also commercial and social trade issues, such as NTBs and labour standards, health protection and environment concerns. These trade issues bring in civil society groups pursuing other goals than market liberalisation (Falke 2005a: 23). This application of both a market access-based approach and a post-modern trade policy agenda has, according to Falke, led to a loss of Germany’s distinct trade policy profile and he refers to it as “an oxymoron” (Falke 2005b). Mildner (2016: 376) however finds that Germany still plays an active leadership role in EU trade policy making and that by large its trade positions are reflected in the Commission’s negotiation positions. For this reason she states that

“Germany is now much more self-conscious than it was a few years ago” (Mildner 2016: 359) [and] “in sum, [Germany] was and still is a champion of free trade policy and a convinced multilateralist. International integration is an important feature of German foreign policy. The country sees itself as a trading nation. Trade should not only increase prosperity but also promote peace and international understanding. Trade liberalisation is embedded in the social market economy. It combines the principle of freedom on the market with that of social compensation, with the state taking an important control function. Thus, in the European Union, Germany repeatedly constituted an important counterweight to the protectionist-minded members” (Mildner 2016: 358).

German policy in the area of external trade is characterised by a broad and complex constellation of actors and interests, which is in line with the corporatist system. The German trade positions are the expression of difficult negotiating processes between governmental departments, between the government and parliament as well as between the government and the various national interest groups and between the government and civil society.

140 See DGB’s position on the Trade in Services Agreement (TISA) thereby simultaneously referring to the General Agreement on Trade in Services (GATS). The liberalisation of trade in services is viewed by the DGB as a threat to governmental regulation, i.e. “the existing space of domestic regulation of public and existential services” (McGuire and Scherer 2010: 44).
organisations. Regarding the representation of the domestic interests and ideas in this project, only the interaction of the latter actors (but including trade unions and voters) will be analysed; i.e. the several central domestic actors as applied by the societal approach who are assumed play to a role in shaping the German governmental trade positions.

Due to the country’s extraordinary export performance most of these actors have an eminent interest in maintaining a liberal market access-based trading system. According to the literature (Bührer 2007: 291; Falke 2007: 295; Lütticken 2006: 98-99) the national peak associations generally involved in the domestic preference formation regarding trade negotiations are the Federation of German Industries (BDI), the Association of German Chambers of Commerce and Industry (DIHK), the Confederation of German Employers’ Association (BDA), the Federation of German Wholesale, Foreign Trade and Services (BGA), the German Banking Industry Committee (DK), the German Farmers’ Association (DBV) and the German Trade Union Confederation (DGB). National associations such as the German Chemical Industry Association (VCI), the German Mechanical Engineering Industry Association (VDMA), and the German Association of the Automotive Industry (VDA) are all members of the BDI, but nevertheless important individual domestic actors in potentially shaping German governmental trade positions, when they feel their sectoral interest are directly affected by external trade policy (Bührer 2007: 291). This can result in a certain ambivalence regarding the domestic actors on the domestic level as the BDI for example can have difficulties in reconciling and reaching an agreement internally (Kohler-Koch 2016: 54). The degree of trade liberalisation support can therefore vary, because the BDI as the most influential peak association, has to represent both offensive and defensive sectors, and their respective interests in trade negotiations (Falke 2006: 188). According to Woll (2005: 6) “a large association will constantly be challenged by the interest heterogeneity of its members”.

Despite both Germany’s strength of the manufacturing sector and its economy’s trade dependence on exports, the BDI cannot “unequivocally be described as a force of trade liberalization” (Falke 2006: 188). First of all, this is mainly due to the above mentioned fact, that this national federation of federations represents many different branches of industry and thus, a large sum of heterogeneous interests, for example offensive interests in the manufacturing sector and defensive interests in the services sector. Secondly, in line with the corporatist interest representation and close cooperation with the lead department, the BDI intends to avoid confrontation with policy makers (Lütticken 2006: 98). Also, as has been

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141 See also Carsten Mahrenbach (2013: 30) on this issue within a different empirical context of Brazil and India.
mentioned above, Germany does still have a protectionist stance towards the liberalisation of agriculture where the German Farmers’ Association (DBV) can have intense defensive interests in trade negotiations. Thus although Germany tends to adopt fairly liberal positions to trade and has been selected by Falke (2007: 292) to belong to the ‘liberal North’ categorisation of EU member states, it is categorised by others as a ‘swing state’ (Woolcock 2010: 391; Young 2012: 427) because in relation to the different issues dealt with in trade negotiations, Germany can be liberal with regard to liberalisation in goods but can equally be protectionist with regard to liberalisation of trade in services and agriculture.

As mentioned earlier in the methodology part of this study, the lead ministry in Germany for the promotion of foreign trade and investment is the Federal Ministry for Economic Affairs and Energy (Bundesministerium für Wirtschaft und Energie – BMWi).\textsuperscript{142} Regarding the representation of national business associations, there exists equally ambivalence on the governmental level as, according to Falke (2006: 188), this lead ministry “has been the bastion of free-trade liberalisation”, whereas the agricultural ministry was “its major competitor”. Due to the system of ministerial primacy and the fact that German trade policy decision making is highly fragmented (Howell and Hume 1992: 153), \textit{internal coordination and consultation} takes place with other ministries. Depending on the trade issues concerned these ministries are consulted in order to achieve a common position agreed across the whole of government. As Germany has become increasingly more interested in social trade issues (labour standards, health protection and environmental concerns), these other ministries have become more involved in trade policy making and have challenged the lead ministry in its promotion of trade and investment liberalisation (Falke 2006: 191). However, whether trade interests are of offensive or defensive nature, due to the corporatist system (Eising 2009: 33) the domestic actors in Germany are well organised and enjoy a high level of representation as they have privileged access and relations to both ministries and the Chancellor which is “based on long-term and institutionalized patterns of strategic interaction” (Eising 2009: 37; Hayes-Renshaw 2009: 76). This so-called \textit{external coordination and consultation} of the lead department with these national associations and trade unions are meant to get the views of those affected by trade liberalisation. This involvement of civil society, including trade unions and business associations in the opinion-forming process is part of the ever-standing practice of the federal government (Deutscher Bundestag 2006a: 8). According to Falke (2005a: 29),

\textsuperscript{142} Regarding the time period of study (2007-2009) this ministerial department was called the Federal Ministry for Economics and Technology. Its name was changed to the Federal Ministry for Economic Affairs and Energy in 2013.
German policy makers obtain a “role as guardians of market-access” with the government serving as an intermediary whose aim it is to integrate all competing interests of national (peak) associations (Eising 2009: 33; Howell and Hume 1992: 161) in order to adequately accommodate both public and private actors (Schirm 2009: 509). The consensus-based decision-making process is stable over time and societal actors are frequently viewed as being on par with governmental actors (Eising 2009: 33). According to McGuire and Scherer (2010: 16) the German lead department however tends to be more receptive to the trade positions of business associations than of trade unions, and can be considered more skewed in favour of business. This is mainly also because by representing members of export-oriented industries, the major trade unions have generally supported trade liberalisation and were not really engaged in the trade policy making process. The inclusion of social trade issues in bilateral trade agreements has however led to German trade unions having an increasing ambivalent view towards trade policy, which has resulted in increasing involvement and attempts to shape its national governments position in recent FTAs.

2. Multi-Step Analysis – Domestic Interests
Now having provided an overview of Germany as a trade actor and the societal actors involved in the domestic preference formation process, the following part of this dissertation will provide an in-depth empirical analysis of German domestic preference formation by applying the multi-step analysis. In line with the goals of this research, this section of the chapter will first explore the relationship between the independent variable, domestic interests and the dependent variable, German governmental trade positions. The same multi-step analysis will be conducted for the independent variable, domestic ideas and the dependent variable in the third section of this chapter.

2.1 Contextualisation of Domestic Interests and H1
The multi-step analysis begins with specifying the independent variable identified and defined in the theoretical framework chapter to the context of Germany. This means focus here is first on determining which domestic interests are most likely to appear within the context of this country during the EU-Korea FTA negotiations under scrutiny: (1) the period leading up to the granting of the negotiation mandate and, (2) the actual course of negotiations up until the FTA was signed. In order to do so, it is necessary here to recall the definition of this independent variable as stated in the theoretical framework chapter and insert it into the context of Germany.
Thus, domestic interests here are material considerations of distinct German economic sectors. These considerations can alter immediately in response economic conditions that is, according to the short-term costs and benefits imposed on these domestic actors by trade liberalisation, i.e. the EU-Korea FTA.

This first step of the multi-step analysis is in contrast to the analytical steps which follow because these will focus on showing empirical results. In this first step, primarily findings from a Prognos study, conducted on behalf of the BMWi, are applied. This study examined the impact of the EU-Korea FTA on the German economy (Prognos 2008) and was used by the BMWi in order to estimate the expected positive and negative distributional consequences of the EU-Korea FTA on these sectors (Interview BMWi). Based on this information, this subsection will specify the independent variable of societal interests to the German context within the time frame of the EU-Korea FTA negotiations. The specification of the relevant German sectors prone to be affected positively or negatively by the distributional consequences of the EU-Korea FTA will highlight those sectors expected to lobby the German government, which in turn will then ultimately illustrate that actors appeared ambivalent between these societal interests. First of all however, it is of importance to describe Germany’s role in the global economy and its fundamental significance for growth, competitiveness and employment. This section then leads to the German-Korean trade relations and ultimately, those domestic sectors potentially affected by the EU-Korea FTA.

2.1.1 Germany in the Global Economy
In order to confirm the literature on Germany’s leading role as an international trade actor, the same data of the WTO which includes intra-EU25 trade shows that Germany was the second largest trading actor with an overall share of 8.2 per cent of world trade in merchandise (after the US with a share of 12.1 %) (WTO 2007a: 236). Regarding exports in trade in goods however, Germany was the leading exporter as its share of world merchandise trade in exports accounted for 9.2 per cent (before the US with a share of 8.6 %), and it was ranked number 2 with regard to imports in trade with a share of 7.3 per cent (after the US with a share of 15.5 %) (WTO 2007a: 12). In the period 2000 – 2006, its annual increase in exports was an average of 12 per cent, slightly surpassing the EU-25 average of 11 percent, whereas it annual increase in imports was 11 per cent which was equal to that of the EU-25 (WTO 2007b: 11). In the same year, but regarding world trade in services, Germany was the third largest trading
actor with a total share of 7.2 per cent (after the US with a share of 12.9 % and almost on par with the UK with a share of 7.4 %) (WTO 2007a: 238). With regard to exports in trade in services, Germany was the third leading exporter as its share of world trade in services accounted for 6.1 per cent (after the US and the UK with shares of 14.1 % and 8.3 %, respectively), whereas it was ranked number two of the leading importers with a share of 8.3 per cent (after the US with a share of 11.6%) (WTO 2007a: 14). In the period 2000 – 2006, its annual increase in exports was an average of 13 per cent, compared to the EU-25 average of 12 percent, whereas the annual increase in imports was 8 per cent which was lower than the EU-25's increase of 10 per cent (WTO 2007b: 12).

In 2006, Germany was thus highly export-orientated and hence heavily export dependent. Approximately every fourth job depended on exports (Statistisches Bundesamt 2011: 4). Between the time period 2000 – 2005 both German total trade (imports and exports) increased with the trade balance increasing 22 per cent annually (Statistisches Bundesamt 2010: 3). Its manufacturing economy concentrated on five main industries in which German businesses were highly competitive internationally. These were vehicles and vehicle parts, machines, chemical products, metals and computer and electrical equipment (Statistisches Bundesamt 2010: 14). These sectors also accounted for the largest shares of exports: vehicles and vehicle parts (17.5 %), machines (14.8 %), chemical products (13.9 %), metals (6.3 %), and computer and electrical equipment (5.2 %), respectively (Statistisches Bundesamt 2010: 16-17). Goods imported by Germany were mainly chemical products (11.6 %), oil and gas (10.0 %), vehicles and vehicle parts (9.0 %), metals (7.7 %) and machines (7.1 %) (Statistisches Bundesamt 2010: 18-19). The five above mentioned main exporting goods encompassed around 58 per cent of total exports whereas the five main importing goods accounted for 45 per cent of total imports. Germany’s five main trading partners in respective order were France, the US, the Netherlands, the UK and Italy (Statistisches Bundesamt 2010: 7). With regard to main trading regions, Europe was the region Germany traded with the most which accounted for 73 per cent of German total trade in goods (Statistisches Bundesamt 2007: 363). This was followed by German total trade in goods to Asia being on rank 2 (accounting for 13.8 %), and America on rank 3 (with a share of 10.8 %) (Statistisches Bundesamt 2007: 363). Important Asian trade partners with regard to exports, in respective order, were China, Japan, South Korea and India (Statistisches Bundesamt 2011: 11). In 2006, China accounted

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143 This data refers to German products exported in 2008.
144 This data refers to German products imported in 2008.
145 This data refers to Germany’s main trading partners in 2005.
for 76.3 billion Euro of German total trade in goods, followed by Japan (37.6 billion Euro) and Korea (18.2 billion Euro) (Statistisches Bundesamt 2007: 364). Korea was Germany’s third most important Asian trading partner and was ranked number 21 of overall trading partners (Statistisches Bundesamt 2007: 364).

2.1.2 German – Korean Trade Relations

South Korea was thus overall not a central trading partner, but nevertheless it was an important Asian trading partner for Germany. In 2006, only 1 per cent of German total exports in goods went to Korea, whereas 3 per cent of total imports in goods came from Korea (Prognos 2008: 2-3). On the other hand, Table 20 illustrates that with regard to trade in goods, Germany was the biggest trading partner of Korea among the EU member states, and the only EU member state with an import surplus, i.e. trade deficit of $1.3 million.\textsuperscript{146} Regarding trade in services, Germany was Korea’s principal trading partner in the EU as it accounted for 25 per cent of overall EU exports to Korea and 29 per cent of overall EU imports from Korea (Eurostat 2009: 3).\textsuperscript{147} German exports to Korea came from those main industries in which German businesses were highly competitive internationally and as such the majority of goods between Germany and Korea consisted of trade in manufactured goods (Table 21).

| Table 20. Korea’s Major Trading Partners in the EU (US $ mill.) |
|-----------------|-----------------|-----------------|-----------------|
| 1 | Germany | 10,056 | 1 | Germany | 11,365 |
| 2 | Great Britain | 5,635 | 2 | France | 3,219 |
| 3 | Italy | 4,286 | 3 | Netherlands | 3,026 |
| 4 | Netherlands | 3,609 | 4 | Great Britain | 2,977 |
| 5 | Spain | 3,479 | 5 | Italy | 2,916 |

Source: KITA\textsuperscript{148}

Almost half of the exports from Korea to Germany came from the manufacturing sector, in particular machinery and transport equipment (of which 10 % accounted for vehicle and vehicle parts) (Statistisches Bundesamt 2008: 417)\textsuperscript{149} and to a much lesser extent, miscellaneous manufactured goods, followed by basic manufactures and chemicals. Data on

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\textsuperscript{146} In 2006, all other member states had a trade surplus with Korea (www.kita.org Accessed July 29, 2016).

\textsuperscript{147} This data is from 2007 and for the EU-27 trade in services with Korea.


\textsuperscript{149} Data stems from 2007.
German exports to Korea clearly indicate that machinery and transport equipment (of which 16% accounted for vehicle and vehicle parts) (Statistisches Bundesamt 2008: 417), followed by the chemicals sector, played important roles.

Table 21. Germany: Trade in goods with Korea (€)

<table>
<thead>
<tr>
<th>SITC Section</th>
<th>Trade Patterns by SITC Section 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Imports</td>
</tr>
<tr>
<td>Total</td>
<td>10,310,265.290</td>
</tr>
<tr>
<td>0  Food and live animals</td>
<td>5,818,314</td>
</tr>
<tr>
<td>1  Beverages and tobacco</td>
<td>530,033</td>
</tr>
<tr>
<td>2  Crude materials, inedible, except fuels</td>
<td>71,592,934</td>
</tr>
<tr>
<td>3  Mineral fuels, lubricants and rel. materials</td>
<td>19,881,766</td>
</tr>
<tr>
<td>4  Animal and vegetable oils, fats and waxes</td>
<td>114,504</td>
</tr>
<tr>
<td>5  Chemicals and rel. products, n.e.s.</td>
<td>207,614,406</td>
</tr>
<tr>
<td>6  Manufactured goods classified by material</td>
<td>510,182,868</td>
</tr>
<tr>
<td>7  Machinery and transport</td>
<td>8,786,365,865</td>
</tr>
<tr>
<td>8  Misc. manufactured articles</td>
<td>637,315,196</td>
</tr>
<tr>
<td>9  Commodities and transactions, n.c.e.</td>
<td>70,581,786</td>
</tr>
</tbody>
</table>

Source: Eurostat.\(^{151}\)

Those specific sectors that covered most of the exports and imports between Germany and Korea were the sectors most extensively engaged in German-Korean trade were the automobile sector, the pharmaceutical and chemicals sectors, the electronics industry and the mechanical engineering sector (Prognos 2008: 3-5). These sectors were thus considered for analysis in the Prognos study as they were expected to be affected the most by potential trade liberalisation of the EU-Korea FTA.

The Prognos study shows that German exports to Korea had risen significantly from 2002 – 2006, accounting for an average growth rate of 20 per cent per year of total goods, which highlights that Korea was gaining a growing importance to the German economy (Prognos 2008: 6). Table 22 illustrates that the annual growth rates of those manufacturing sectors with the largest export shares in trade in goods ranged from 18 per cent to 27 per cent (Prognos 2008: 6). The automobile industry accounted for the highest growth rate of 27 per cent and 14 per cent of total exports to Korea.\(^{152}\) This was followed by the pharmaceutical industry with a growth rate of 25 per cent, but accounting for only 2 per cent of German exports to Korea. The chemical sector had a growth rate of 22 per cent thereby accounting for 14 per cent of exports. The German electronics industry accounted for a growth rate of 20 per cent and 22 per cent of exports. The lowest growth rate belonged to the mechanical engineering sector.

\(^{150}\) Data stems from 2007.

\(^{151}\) EU trade since 1988 by SITC, online data code [DS-018995].

\(^{152}\) All export shares in this section refer to the year 2006.
with 18 per cent. Nevertheless it was Germany’s most important exporting sector with exports accounting for 28 per cent of the German exports to Korea. In the reverse, exports from Korea to Germany within the same time period (2002 – 2006) equally recorded increased growth rates with an average annual growth rate of 24 per cent of total goods (Prognos 2008: 8). Compared to the substantial 37 per cent growth rate of the electronics industry and 33 per cent growth rate of the automobile sector, the growth rates of the pharmaceutical sector, mechanical engineering and the chemicals sector were at a more modest level (19 per cent for pharmaceuticals and 12 per cent for both the mechanical engineering and chemicals sectors, respectively) (Prognos 2008: 8).

<table>
<thead>
<tr>
<th>Sector</th>
<th>2002 – 2006 Growth per year (%)</th>
<th>German Exports to South Korea (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automobile</td>
<td>27</td>
<td>14</td>
</tr>
<tr>
<td>Pharmacy</td>
<td>25</td>
<td>2</td>
</tr>
<tr>
<td>Chemicals</td>
<td>22</td>
<td>14</td>
</tr>
<tr>
<td>Electronics</td>
<td>20</td>
<td>22</td>
</tr>
<tr>
<td>Mechanical Engineering</td>
<td>18</td>
<td>28</td>
</tr>
<tr>
<td>Financial services sector</td>
<td>37</td>
<td>4</td>
</tr>
</tbody>
</table>


The Prognos study recalls that trade in services played a rather minor role for German-Korean trade in comparison to trade in goods, and the study states that Korea accounted for only 4 per cent of total German exports of financial services (Prognos 2008: 4). Nevertheless, it should be mentioned here that exports of German financial services to Korea equally increased. In the Prognos study, the financial services sector comprised the insurance and banking sectors with substantial annual growth rates being particularly high for the insurance sector accounting for 36 per cent, but particularly low for the banking sector accounting for 1 per cent. The financial service sector accounted for 4 per cent (insurance) and 0 per cent (banking) of German exports to Korea, respectively (Prognos 2008: 7).

A major portion of German-Korean trade in both directions was thus in manufactured goods. Market opening in form of a EU-Korea FTA for the above-mentioned manufacturing sectors would increase existing export volumes and therefore an important element of the EU-Korea FTA negotiations, the removal and/or reduction of TBs and NTBs would be necessary for these sectors in order to be able to exploit the Korean market. The Prognos study highlights

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153 According to the study, no information was available on German imports of services from Korea (Prognos 2008: 5).
that, although the removal of TBs was important for some sectors, primarily for the mechanical engineering, the remaining sectors were mostly affected by NTBs. These trade barriers complicated and hindered German exports to Korea and thus protected Korea’s domestic market while discriminating German exporters. These barriers are often difficult to detect as they are mostly administrative or technical in nature and are not recognisable at first sight. It was thus of importance to reduce or eliminate these obstacles to trade in order to create fair trading conditions and to both maintain and improve the competitiveness of German producers. Most manufacturing sectors were affected by these decisive obstacles to market access, for example (1) the lack of transparency and restrictions on competition, such as authorisation procedures on electronic and mechanical engineering products, or the intransparent and complex licensing procedures for the chemical sector, or the restrained Korean application of price adjustment procedures for the pharmaceutical industry, (2) monitoring environmental and safety standards as well as the non-recognition of international standards, such as the non-recognition of the European standard for engine on-board diagnostic systems (OBD) for the German car industry. Another NTB, mainly preventing the German financial services sector from market entry, were the restrictions on freedom of establishment (Prognos 2008: 47-53). Apart from not being able to always detect these barriers directly, the problem with these trade barriers was that (1) existing NTBs would not be adequately eliminated, or (2) the elimination of these could lead to the establishment of new NTBs, or (3) international/European standards would not be accepted by Korea. The tackling of these protectionist tendencies thus hindering fair market access to Korea were of great importance to German economic sectors during the FTA negotiations.

2.1.3 Impact on Sector – Distributive Consequences of the EU-Korea FTA

Summarising, the Prognos study helps in contextualising those German sectors potentially affected by the distributive consequences of the EU-Korea FTA. The study highlights the growth potential of the above-mentioned sectors, their existing export volumes and the TBs and NTBs faced by these sectors. From this information, it is possible to examine the potential distributional consequences of each respective sector, how the EU-Korea FTA would affect these positively or negatively and thus, whether these German sectors would potentially lobby the government for or against trade liberalisation in the EU-Korea FTA.

Results of this study reveal that the manufacturing sector in Germany, in specific the mechanical engineering sector, had a comparative advantage over Korea. This prominent
export sector would benefit the most from trade liberalisation. On the one hand, this sector would not have to fear competition from Korean suppliers, and on the other hand, the removal of TBs would lead to an increase in annual exports over 7 billion Euro (Prognos 2008: 85). This sector was highly supportive of the EU-Korea FTA due to the considerable market potential and because implementation of the trade agreement would ensure that this German sector would not be discriminated by US companies due to the US-Korea FTA (Prognos 2008: 71). Because of these reasons, the German mechanical engineering sector was in favour of the EU-Korea trade agreement and was expected to lobby its government for trade liberalisation.

Korea enjoyed a comparative advantage over Germany in electronics and this industry’s export opportunities were viewed modest due to the already existing duty free access of the majority of electronic products to the Korean market. Faced with NTBs, this sector was more interested in the elimination of these obstacles to trade such as the recognition of EU certifications and testing, but was unsure of the extent to which these were to be eliminated (Prognos 2008: 50). Also, given Korea’s export strength, the lowering of EU TBs and NTBs would put the German electronics sector at a comparative disadvantage. Export potential was viewed modest because Korea was a relatively closed market for electronics seeing as the demand in Korea for these sectors’ products were mostly covered by domestic producers. Although distributive consequences would be limited this German sector ultimately did not view Korea as an important future market (Prognos 2008: 72). The electronics industry was thus not expected to lobby the German government for trade liberalisation.

Equally gaining from market opening, but to a lesser extent, were the chemicals and pharmaceutical sectors (Prognos 2008: 75; 85-87). These German sectors had a comparative advantage over Korea and export opportunities were viewed positive but modest, mainly because of Korea’s moderate market size and, similar to the electronics sector, the relatively low existing tariff levels. Export potential was positive for the pharmaceutical sector but this sector pointed out that it was not much interested in a trade agreement, but in achieving basic necessary reforms of the Korean market in order to eliminate NTBs, such as the restrained Korean application of price adjustment procedures, (Prognos 2008: 70). Due to this sector’s particular low interest in the EU-Korea FTA, it was not expected to lobby the German government. The Prognos study states that the German chemical sector was to benefit from market access. With TBs at a low level and due to the high transport costs of chemical
products from Germany to Korea, this benefit would be more in the form of expansion of direct investments than the exporting of goods (Prognos 2008: 79). This sector was therefore expected to lobby its government in favour of the EU-Korea trade agreement.

Regarding the financial services sector considered in the study, although it enjoyed a comparative advantage over Korea, both Korea’s market size and market value was of moderate significance. Although facing high growth potential but very low existing export volumes, this sector did not view Korea as an interesting market (Prognos 2008: 73) and hence, the financial services sector did not lobby the German government for trade liberalisation (Interview BdB).

Although traditionally, the German automobile sector had a strong comparative advantage but due to the rise of emerging markets, such as Korea, and the impact of the financial and economic crises on this sector, automobiles had equally become a comparative advantage sector to Korea, mainly in the production of small to mid-sized passenger cars. Also, Korean automobile producers have become more competitive having moved production to European countries, such as Hyundai in the Czech Republic and Kia in Slovakia. With regard to the German automobile industry, Korea was not viewed as a market of interest (Prognos 2008: 73; Interview VDA) because the Korean market was relatively small and already largely saturated by mainly domestic suppliers, with a market share of 96 per cent (VDA 2007a: 24). Although the elimination of relatively high existing TBs (EU tariffs of 10% and Korean tariffs of 8%) and the simultaneous elimination of NTBs would mean an increase in exports, the German automobile industry would be negatively affected by intensified competition from Korean imports. The German sector was, according to the Prognos study (2008: 91), the only sector which would face significant competition from Korean imports. Faced by both positive and negative distributional consequences, trade liberalisation of this sector was expected to be a controversial issue in EU-Korea FTA negotiations (Prognos 2008: 69; Elsig and Dupont 2012: 501; Siles-Brügge 2014: 114), and the German automobile sector was expected to lobby its government to protect it from potential adverse effects of the EU-Korea FTA.

The Prognos study concludes that considering the overall gradual increase of German exports potential of most sectors to Korea, a FTA between the two would reinforce trade dynamic between both countries and would result in Korea becoming a significant trading partner for Germany (Prognos 2008: 23). Summing up, this first step of the multi-step analysis has dealt
with determining which domestic interests were most likely to appear within the given context of EU-Korea trade liberalisation. Secondly, it has revealed which of these sectors were expected to have positive and negative distributional consequences, or both, due to the EU-Korea FTA. The mechanical engineering sector was faced with positive distributional consequences only and thus lobbying for trade liberalisation was expected from this sectoral ‘winner’ of the EU-Korea FTA. Lobbying the German government in favour of trade liberalisation was also expected from the chemical industry as it faced positive but modest distributional consequences of the EU-Korea FTA. The biggest loser from this trade agreement would be the German automobile industry, because although it faced potential positive distributional consequences (market access through elimination of TBs and NTBs) it also faced negative distributional consequences (increase of competition from Korean imports through elimination of TBs). Due to the difficulty of tackling existing NTBs, the possibility of new NTBs being established and the non-recognition of international/European standards, it was expected that the overall impact on this sector would be negative, i.e. the potential disadvantages would most probably outweighing the benefits of tariff reductions.

2.1.4 Specification of H1
As mentioned in the methodology chapter, the first step of the multi-step analysis includes, after contextualising the independent variables, that the findings from this first step are then used to equally specify the theoretical arguments at the beginning of each section into a sub-hypothesis. The purpose of this is to narrow down the general hypotheses in order to focus on a single national context. Recalling these main hypotheses they link the prevalence of one independent variable in the governmental preference formation process with a specific condition, either the impact on sector or the issue at stake (Theoretical Framework). The specified hypotheses link individual domestic interests or ideas with these specific conditions within the context of the country selection, in this case Germany, and the case study selection, the EU-Korea trade agreement. For this reason and in order to subsequently conduct both the second and third step of the multi-step analysis, the general hypothesis H1 featuring the independent variable of domestic interests needs specification.

Recalling the condition impact on sector, and in line with the societal approach, the general H1 states that when specific trade issues focus on distributional concerns, domestic interests will dominate value-based societal ideas in shaping governmental trade positions (Theoretical Framework). Thus, the condition impact on sector means that if a domestic economic sector
is directly affected by trade issues which imply short term cost-benefit calculations for specific and well-organised societal interests, this will lead to intense lobbying and domestic interests will prevail in shaping governmental positions. Based on the findings in the previous first step of contextualisation the independent variable of German domestic interests within the EU-Korea FTA context, the general H1 will be specified. In line with the societal approach, but applied and adjusted to the context of this chapter’s country and case study, the respective specification of this hypothesis accordingly claims that when distinct German economic sectors are directly affected and changes in economic conditions are to be expected due to specific EU-Korea FTA trade issues, then these domestic interests will prevail in shaping the German governmental trade position because distributional concerns will dominate the policy making situation and the lobbying of potential sectoral winners and losers, in favour or against trade liberalisation, will be intense.

2.2 Identification of Domestic Interests
After having specified the independent variables to the empirical context which has revealed the potential German sectors mostly affected, both positively and negatively by the distributional consequences of the EU-Korea trade agreement, the second step of the analysis now continues with the identification of the domestic demands, i.e. the independent variable, domestic interests which were prone to advance and defend their interests through lobbying their government to adopt their preferred policy. As mentioned in the methodological part of this study, domestic interests will be determined via discourse analysis of interest group and trade union commentary covering the two chosen negotiation phases for analysis. The statements analysed are from both national umbrella federations as well as individual interest groups representing the domestic economic sectors which have been specified to be affected positively and negatively by EU-Korea trade liberalisation in the first step of the multi-step analysis. These national federations have the difficult task of finding a compromise position between sectors with diverse interests. As a result, statements from the national umbrella federations not only reflect inter-sectoral compromise positions but also indicate which group of supporters or opponents is best able to ensure their domestic sector’s position in the negotiations. Statements from these actors are an appropriate means of identifying the relevant domestic interests and this step of identifying the independent variable domestic interests will show that in the negotiation phases under scrutiny, German domestic interests were ambivalent towards the EU-Korea FTA, corresponding to the findings of these interests highlighted in the previous step of the multi-step analysis.
2.2.1. German Umbrella Business Associations

In 2006, with regard to the Global Europe communication, German industry made considerations of how to respond to the WTO stalemate and the increase of bilateral FTAs. As this section will show, this mainly boiled down to German umbrella federations giving up the sole dominance of multilateralism in trade policy as they actively started to support FTAs, particularly focusing on the Asian region. German federations under scrutiny in this section are those representing the domestic economic interests of the sectors which have been specified in Step 1 of the multi-step analysis. It should be recalled here that this project aims to complement the societal approach by adding trade unions as sources for domestic interests. Thus apart from domestic interest groups, trade unions are also considered as sources for domestic material interests. This section will not provide an exhaustive list of all German umbrella business associations most probably having been affected by the EU-Korea FTA. Only those associations are under scrutiny here which represent the sectors identified in the previous section to be directly affected by the EU-Korea FTA. The following national umbrella federations will be examined; The Asia-Pacific Committee of German Business (APA), the Federation of German Industries (BDI), the Confederation of German Employers’ Association (BDA), the Association of German Chambers of Commerce and Industry (DIHK), the Federation of German Wholesale, Foreign Trade and Services (BGA), and the German Trade Union Confederation (DGB) will be examined.

Asia Pacific Committee of German Business (APA)

The APA is an umbrella organisation of leading German business federations which aims to improve market access, trade and investment for German companies in the Asia-Pacific, as well as the other way around. It is a forum which voices the concerns of German industry to German policy makers and represents industry during delegation visits of the BMWi in Asia, or when Asian representatives are visiting Germany. The APA “is the most important German forum for the formulation and discussion of Asia-Pacific-related economic and political strategies concerning German and Asian business interests. The objective of the APA is to intensify cooperation with the Asia-Pacific countries and to foster mutual trade and investment”.

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154 An important aspect to keep in mind here are the DDR negotiations which officially started in November 2001 with a deadline of a successful conclusion by January 2005 (WTO 2001). Faced with an impasse in 2003, negotiations were resumed at the end of July 2004 and were formally suspended in July 2006 (WTO 2006; Wolf 2006). In February 2007, talks resumed until they broke down again at the end of July 2008. EU-Korea FTA negotiations thus took place during an uncertain future of negotiations at the multilateral level.

Its members are the Federation of German Industries (BDI), the Association of German Chambers of Industry and Commerce (DIHK), the German Asia-Pacific Business Association (OAV), the Federation of German Wholesale, Foreign Trade and Services (BGA) and the Association of German Banks (Bankenverband). This joint initiative bundles the business interests of these various federations with the main aim of a specific concerted approach in order to guarantee an efficient representation of business interests towards national decision makers. The APA thus maintains a close relationship with the Federal Government in which it provides support and advice to governmental representatives on the promotion of trade and investment.\(^{156}\)

In September 2007 Chairman of the APA and Chairman of the Board of Executive Directors of the chemical producer BASF AG, Jürgen Hambrecht stated in a speech entitled ‘The rise of Asia – Chances, Options and Challenges’ the position of the APA towards Asia with regard to trade policy, directed to the Minister of Foreign Affairs Frank-Walter Steinmeier

> “The WTO negotiations remain top priority for us. But as long as they are stagnating, we have to try to avoid commercial disadvantages for European companies in Asia by also applying bilateral cooperation agreements. The already commenced bilateral negotiations between the EU and Korea and also India, as well as the due to take place negotiations with ASEAN, should promptly be pushed forward and concluded. We take a comprehensive approach of common standards and certifications, the protection of intellectual property, of fair dispute settlement procedures and other issues that go well beyond tariff reductions. And thus they do not affect the Doha process, but are meaningful complementary” (APA 2007a: 3).

The 11\(^{th}\) Asia-Pacific Conference of German Business, under the joint initiative of Federal Minister of Economics Michael Glos and APA Chairman Jürgen Hambrecht, took place from 4-6 October 2007 in Seoul. Here, representatives of German umbrella business associations, representatives of German companies and the government met with Korean partners and discussed the expansion of trade relations with Korea. In the opening speech, APA Chairman Hambrecht welcomed the acceleration of bilateral trade agreements as a useful complementary approach to trade liberalisation within the WTO. The EU-Korea FTA, according to Mr. Hambrecht, should however not merely focus on TBs but tackling NTBs should have priority, as well as the acknowledgment of existing common international rules and standards (APA 2007b). Furthermore, he strongly opposed protectionism impeding German-Korean trade.

“Protection against foreign investors would damage Germany’s competitiveness in the long term. I am looking forward to every individual Asian investor who is involved in Germany!” (APA 2007b).

In November 2008 at the APA Foreign Trade Congress, Chairman Hubert Lienhardt of the APA Economic Committee India and CEO of the German machinery company Voith, stated that it is important

“to pursue now also the bilateral dismantling of trade barriers. Countries like the US and Japan already have bilateral FTAs with many Asian emerging markets. The EU does not have any in Asia. German companies are threatened by competitive disadvantages. The APA therefore welcomes the European Council decision of April 2007 to commence negotiations with South Korea, India and the ASEAN countries. Often underestimated, is that market potential could be increased by an agreement with Asian partners on common standards and norms and recognition of certification processes. APA sets out, wherever product requirements permit this, to find common norms and standards, or to agree on international standards” (APA 2008: 6).

Federation of German Industries (BDI)

The BDI is the major important umbrella association for industrial enterprises and industry-related service providers in Germany and is “the primary spokesperson for the business community [and] a conduit between business and government” (Dalton 2010: 7). It is made up of 36 sectoral peak associations representing members ranging from SMEs to global companies and the interests of around 100,000 businesses with eight million employees.157

“Germany’s prosperity and high living standards are based on a world of free trade. But freedom and competitiveness are not a natural given. They need a strong voice to call for them”158.

With regard to trade policy, the BDI aims for an improved global market access, in particular in emerging markets (GDV 2009: 24). It represents German industry vis-à-vis political institutions in Germany and establishes positions in consultation with its members which are then articulated by lobbying the government. Equally, the BDI provides its members with information on which these can then lobby these policy makers individually. The government however can consult the BDI when it is interested in the BDI’s views on a particular issue. The BDI aims to shape economic policy along the principles of the social market economy which are freedom and responsibility instead of an expansion of state activity (GDV 2009: 24).

The BDI’s response to the Global Europe communication was fully supportive. In fact, in a position paper of May 2005, one year before the Global Europe communication was published, the BDI advocated the German government for increased efforts to liberalise trade on the bilateral level as well as the multilateral level (BDI 2005: 2). The BDI stated that the superior multilateral approach in trade policy would be of little use to German companies if it was not to be successful, as this would worsen the competitive situation of German companies mainly in Asia, due to the US pushing forward FTAs in this region (BDI 2005: 3). After suspension of the DDR, the BDI published a position paper in September 2006 in which it reaffirmed its demand for a “trade policy mix” complementing multilateralism with bilateral approaches (BDI 2006b).

BDI’s CEO Ludolf von Wartenberg said that

“the BDI fully supports most of [Global Europe’s] approaches. It is however crucial that this announcement is followed by concrete actions. We are well advised to strengthen our bilateral trade relations, specifically in Asia” (BDI 2006a).

The BDI feared that US FTAs with Asian countries and FTAs concluded within Asia (such as the China-Japan FTA) would lead to considerable disadvantages for German suppliers. It pointed out that high customs duties on machinery and automobiles would no longer exist as hurdles to trade for those having concluded FTAs with these countries, but would lead to massive disadvantages to third parties not involved in a FTA. CEO von Wartenberg stated the necessity

“to look forward and to adapt trade policy to reality. Bilateral and regional trade agreements naturally need to get a central role. The EU should pay particular attention to the fast-growing Asian countries” (BDI 2006b; see also BDI 2006c).

In line with the Global Europe communication, the BDI advocated several economic criteria for the choice of FTA partners, such as market access opportunities, competition of trade actors negotiating FTAs, market size and growth prospects (BDI 2006a; BDI 2006b: 7). Equally to being in favour of the application of FTAs, the BDI however, remained fully committed to the multilateral trading system and its negotiation rounds being aware of its advantages for the German industry. Given the deadlock of the DDR in July 2006 however (Wolf 2006), the BDI’s support towards bilateral FTAs illustrates its trade policy re-orientation.
The BDI sought an intensification of bilateral trade agreements for the systematic dismantling of custom duties with counties like China, India and Korea which would enhance German exports. Having been unsuccessful in attempts to finish the DDR round, the BDI viewed FTAs as complementary measures to improve market access in important industrialised and emerging countries. Bearing in mind the uncertain future of the WTO negotiations, trade policy needs to be realigned. The key question for evaluation of trade-policy options must be how best to enhance the competitiveness of German and European companies. This is particularly the case for the key markets in Asia, where a rapidly growing network of bilateral free-trade agreements threatens to disadvantage German companies” (BDI 2006d: 38).

In its recommendations to the German government for preparation of the 2007 EU Council Presidency, the BDI re-stated its trade policy’s objectives. While re-emphasising the significance of the DDR negotiations, the BDI pointed towards the potential of FTAs.

“We urge the German government to design a differentiated strategy that extends beyond the WTO round. Within Asia, it appears that FTAs with selected partner countries offer good prospects and can contribute to dismantling trade barriers” (BDI 2006d: 38).

One month before EU-Korea FTA negotiations were launched, the BDI hosted the first meeting of business leaders in the form of the G8 Business Summit in April 2007. Here, the objective for leaders of key business organisations was to jointly discuss issues in advance of the G8 Summit, (with Chancellor Merkel at the helm of the G8 presidency), in order to provide their respective heads of governments suggestions and solutions regarding important issues concerning the global economy as perceived by industry (BDI 2007: 13). At the opening speech of this Business Summit, BDI President Jürgen Thumann stated the importance of external trade to the German industry.

“One out of four jobs in Germany is dependent on foreign trade. Key catalysts for growth which improves German prosperity, substantially originates abroad. Open markets, unimpeded trade, freedom of investment and protection of intellectual property rights (...) these are the conditions that will determine Germany’s future (...) that will determine the future of all our countries. And it is up to us, the business community, to convince our political leaders of the critical necessity of these conditions! (BDI 2007: 13).

President Thumann confirmed the BDI’s commitment towards the DDR and underlined the high and ambitious objectives in the field of market access for industrial goods in trade negotiations. Equally he welcomed the timely opening of bilateral FTAs.
“I am convinced that in foreign trade policy, the multilateral approach represents the best approach” (BDI 2007: 13). Therefore, “the government should continue to stand up for a successful and ambitious conclusion of the WTO negotiations. Improved market access for industrial goods must remain a key objective. The bilateral negotiations should be result-driven and take place in close coordination with industry. Also on the bilateral level is an effective improvement of market access conditions crucial” (BDI 2007: 22).

In November 2008, BDI CEO Werner Schnappauf stated that, “Given the financial crisis and an economic downturn in much of the world, we need more cross-border trade, not less. Any kind of protectionism is counterproductive” (BDI 2008a: 4; BDI 2009).

In 2009, BDI President Hans-Peter Keitel and CEO Werner Schnappauf introduced the concept of the BDI ‘Industrieland Deutschland stärken’ which focussed on gaining higher and sustainable growth in Germany affected by the financial and economic crisis. In the foreword of its position paper they stated the importance of industry to the German economy. “Only the industry and its associated industry-related services can bring the German economy back on track. Industry, as a driver of growth, innovation and employer for millions of citizens, remains indispensable” (BDI 2009a: 3).

Almost simultaneously, the BDI issued another position paper in which it equally stated industry’s significance for the economy (BDI 2009b: 3). According to the BDI, German industry had good chances to gain from the international exchange of goods when the financial and economic crisis was overcome. Essential conditions to reach such achievements were a rapid conclusion of the DDR and the consistent controlling of protectionist tendencies (BDI 2009a: 20). With regard to securing open access to third markets, both latter position papers explained the BDI’s demands towards the German government:

- The completion of the Doha Round and thus lowering trade barriers around the world and setting a signal for free trade and against protectionism (BDI 2009a: 21); To conclude the current WTO negotiations with an ambitious result as soon as possible, the latest by the end of 2010 (BDI 2009b: 20).
- More market access in emerging countries for all German industries (BDI 2009a: 21); To achieve substantially improved market access, especially in the major emerging economies, for all economic sectors (BDI 2009b: 20)
- Bilateral FTAs with important economic partners in order to achieve a significant increase in market access (BDI 2009a: 21); Advance bilateral and regional FTAs, if compelling economic reasons exist and a conclusion will significantly exceed the WTO agreements (WTO-plus); Clear prioritization based on economic criteria; Define the most possible transparent and uniform regulations and international and European standards (BDI 2009b: 20.
- Reduction of tariff and non-tariff barriers (BDI 2009a: 21).
Although being largely in line with the Global Europe communication and demanding the German government to start liberalising trade through complementary bilateral FTAs, the BDI did however not publish a specific position paper with regard to the EU-Korea FTA. Due to the many NTBs causing large access problems for German automobile suppliers in the Korean market, and the question whether Korea would implement NTB obligations, the BDI was aware of the scepticism of the German automobile industry towards the EU-Korea FTA (Interview BDI). With BDI’s Vice-President, Matthias Wissmann also being president of the automobile industry association (VDA), which vehemently lobbied against the EU-Korea FTA (as will be illustrated later), the BDI was thus divided with regard to its position towards the EU-Korea FTA.\(^{159}\) As mentioned earlier in this study, the fact that the BDI represents various sectoral associations with diverging societal interests, this can result in difficulties in reconciling and reaching an agreement internally (Kohler-Koch 2016: 54). This made it difficult for the BDI to be fully supportive of the EU-Korea trade agreement (Elsig and Dupont 2012: 503; Interview VDMA). In view of the relative stagnation of the DDR round and thus the provision of potential new liberalisation steps, there was no other option than the economic bridging through bilateral free trade agreements to growth markets. In the end, the BDI had a clear position (Interview BDI). During a podium discussion organised by the International Chamber of Commerce Deutschland (ICC) held at the BMWi in May 2009, BDI President Hans-Peter Keitel stated

“With rising unemployment public pressure on politics will continue to increase its ability to protect domestic companies through state intervention. (…) To get out of the crisis quickly and strengthened, we need more global trade and not less!\(^{160}\) Any form of unnecessary distortions of competition delays the recovery of the economy – be it new tariffs, non-tariff barriers, misuse of anti-dumping measures or new government subsidies. (…) the inhibitive effects of financial support measures should not be ignored. They are disadvantageous for the foreign competitor and can - erroneously - keep companies artificially on the market which would not have survived without a financial crisis. This applies to the automotive industry as well as to all other industries. We cannot just point our fingers to others: in the crisis, the temptation to demand benefits from politics for individual companies and industries grows in Germany too. However, our principle for free trade and competition should not only take place during good times. Regulatory guidelines must not be abandoned for the sake of rapid advantages. During the crisis we can rely on our strengths and should not often unnecessarily call on state protection. (…) In order to secure prosperity, we must be present where the markets of the future are. We must rethink our export strategies and at the same time mobilise politics for improved market access in our future markets.

\(^{159}\) Matthias Wissman has been VDA’s President since June 2007 and BDI’s Vice-President since November 2007 https://www.vda.de/de/verband/organisation/praesident.html (Accessed April 16, 2016).

\(^{160}\) Original emphasis.
The EU must continue to enter into free trade agreements with strategically important economic areas such as Korea. These must be in the interests of our key industries and create fair conditions of competition through the complete elimination of tariff and non-tariff trade barriers” (BDI 2009c).

Confederation of German Employers’ Association (BDA)

The BDA is a broadly-based confederation which represents 14 cross-sectoral regional associations and 50 leading national sectoral federations of employers covering a spectrum from trade, industry and services and the business interests of around one million companies, ranging from SMEs to large companies with 20 million employees (GDV 2009: 26). Whereas the BDI has primarily responsibility for economic questions, the BDA mainly deals with social issues, such as labour law, labour market, education and social policy and its trade policy interests are in giving priority to competitiveness and improved regulation (GDV 2009: 26).

During the financial and economic crises, the BDI and BDA jointly published a document entitled ‘Europas stärken ausbauen’, in which these national federations, representing German industry and German employers, pointed to the concrete measures to be taken by government in contributing towards a return of Europe’s and Germany’s full economic capacity. With regard to EU trade policy, BDI President Keitel and BDA President Dieter Hundt called in a press release for

“policies aimed consistently towards the targets of competitive European companies [by applying] the unequivocal rejection of any form of protection, in order to emerge stronger from the crisis” (BDI/BDA 2009a).

In the actual document published, the BDI and BDA called for the promotion of open markets and the establishment of transparent rules within the framework of global trade liberalisation. The conclusion of the DDR was viewed by both national federations as a sign for free trade and against protectionism (BDI/BDA 2009b: 84; BDI 2009d: 25). Nevertheless, both federations were of the opinion that

“since non-European competitors have already agreed FTAs with important growth markets, the EU should accelerate its FTA negotiations. This is the only way to encounter competitive disadvantages, which arise for example when European companies are faced with relatively high import duties, while competitors such as the US or Japan enjoy preferential market access because of FTAs” (BDI/BDA 2009b: 87).
The BDI and BDA subsequently provided the German government with recommendations for action

“Core aim of any FTA negotiations should be WTO-plus standards. These include complete tariff elimination on all industrial goods, complete elimination of NTBs (...). Other objectives should be the opening of the international trade in services, the liberalisation of direct investments, the assurance of functioning trade defence instruments, the further opening of public procurement markets and manageable composition of the agreements for medium-sized companies. Based on a close dialogue between industry and (...) the federal government it is to ensure that German interests are adequately considered” (BDI/BDA 2009b: 85).

The Federation of German Wholesale, Foreign Trade and Services (BGA)
The BGA is the leading organisation for the wholesale, foreign trade and service sector and consists of 26 regional employers’ associations and 40 branch associations covering all three sectors. The BGA advocates a business-friendly regulatory environment and the promotion of free, unhindered trade and its trade interests are to improve regulation and the dismantling of red tape, the removal of trade barriers and the conclusion of the DDR (GDV 2009: 50).

BGA President Anton Börner expressed in a press release the importance of open markets for Germany

“8.3 million jobs depend on exports, and also imports are an important generator of employment in Germany. The imports mean a greater choice at lower prices for German consumers and crucially contribute to our price competitiveness” (BGA 2006a).

With regard to the ‘Global Europe’ strategy, BGA President Anton Börner stated in a press release that

“German trade strongly supports the EU Commission’s new trade strategy. The competitiveness of Europe as a business location can in the long term only be strengthened by open markets. Isolation and protectionism, however, can neither permanently save jobs nor even create new ones” (BGA 2006b).

He furthermore stated that

“the multilateral approach in the context of the WTO is a top priority for German trade. Bilateral free trade agreements with selected key markets can be a logical intermediate step towards a general approach to liberalisation” (BGA 2006b; Afhüppe und Ziener 2006).

According to the BGA, German exports were benefitting a lot from expanding markets in Asia; 71 percent of the German companies surveyed responded that Asia was the market with
the greatest growth potential (BGA 2006c; FAZ 2006). In March 2007, the BGA expressed in a press release that the BGA believes that

“The German economy needs a successful conclusion of the Doha Round because of its high global economic interdependence. Even if the EU would conclude bilateral FTAs with every country on earth, this would not outweigh the welfare gains that are achievable in the context of the multilateral approach of the WTO.

The BGA therefore called on the German government to push ahead the course taken and the chance to use the G8 summit in Heiligendamm to achieve progress on the negotiation issues of agriculture and market access for industrial goods in emerging countries.

“German trade calls on politicians to proceed the WTO round with perseverance (…). Winners of a multilateral agreement would be the German SME sector and developing countries, which (…) would benefit the most” said Börner (BGA 2007).

In March 2009, BGA president Börner stated

“During the crisis, the following applies: in trade policy multilateral goes before bilateral! Bilateral free trade agreements are useful for certain industries, but are in total only second-best’ (BGA 2009a).

In its 2009 annual report, the BGA stated

“Bilateral or regional negotiations (…) are a “second best” option as they only to a patchwork of various free trade agreements. Such agreements can complement and deepen the multilateral approach, but not replace it. For the BGA, the WTO negotiations therefore remain a top priority, even if the EU meanwhile is negotiating [FTAs] with various Asian countries” (BGA 2009b: 64).

Association of German Chambers of Industry and Commerce (DIHK) / Chambers of Commerce Abroad (AHKs)

The DIHK is the central organisation for 80 national Chambers of Industry and Commerce (IHKs) in Germany and represents the overall economic interests of around three million entrepreneurs (GDV 2009: 62). The AHKs support German business interests in improving market access conditions in trade and investment abroad (Lau 2008: 7). The DIHK stands up for the interests of German foreign free trade and aims to identify trade and other barriers to exports at an early stage so that on the basis of these findings, exports can be specifically promoted and hurdles reduced. Its trade interests equally include

“no change from the a competition agenda to a social agenda [and] better regulation: more transparency, less red tape” (GDV 2009: 62).
In 2006, at the G8 summit in St. Petersburg, DIHK President Ludwig Georg Braun appealed to Chancellor Merkel to engage in discussions with participating heads of state or governments and to call for stronger efforts towards a successful conclusion of the WTO negotiations. He stated that

“a failure of the negotiations weakens the role of the World Trade Organization, and as a result will bring about a series of bilateral free trade agreements. That would be bad for business. Bilateral trade agreements are opaque and administratively burdensome for companies. The costs for the medium-sized German export industry would increase and thus reduce the international competitiveness” (Handelsblatt 2006).

The DIHK was of the opinion that the shift in EU trade policy would ultimately result in administrative costs which would, due to a plethora of bilateral free trade agreements as a result of failure of the WTO round, hurt the SMEs the most (Wolf 2006). As a result, there would not be a reduction of trade barriers, but new ones would be created. The increasingly growing foreign trade provided important impetus for growth and employment and DIHK Chief Executive of Foreign Trade Axel Nitschke underlined this importance of exports in creating new jobs.

“Companies that are directly or indirectly dependent on exports are responsible for over a third of new jobs created in Germany, a total of 200.000 jobs (IHK 2007).

Surveys conducted by the DIHK which cover two years (2007 and 2009) of EU-Korea FTA negotiations, provide an overview of the situation and the expectations of German businesses, in particular SMEs, on foreign markets worldwide.\textsuperscript{161} With regard to target regions and significant foreign markets, the results show that in 2007, 91 per cent of German export companies were mainly active in the EU-15 countries, followed by the new EU member states with 72,4 per cent. Seeing as most of Germany’s goods exported to Europe were exempted from customs duties, Nitschke stated that

“the greatest dynamics play on markets outside the EU. There, however, trade is often hindered by tariffs” (Reuters 2008).

\textsuperscript{161} The nationwide survey “Going International 2007” by the DIHK had been conducted with the support of the 31 German IHKs. In total 3.600 globally active businesses based in Germany took part in the online survey in July 2007 (DIHK 2007: 2). Nearly 55 per cent of the participating companies came from the manufacturing sector, 21 per cent from commerce and almost 24 per cent of the service sector (DIHK 2007: 41). The “Going International 2009” survey had been conducted with the support of 80 German IHKs. In total, 2.300 globally active businesses based in Germany took part in the online survey in July 2009. Nearly 57 per cent of the participating enterprises came from the manufacturing sector, around 20 per cent from commerce and around 11 per cent from the service sector (DIHK 2009: 31).
The third most important target market for German enterprises was Asia with 63.1 per cent (followed by 52.6 % of German businesses exporting to the US) (DIHK 2007: 9).

In 2009, this rang order remained the same, although the percentages had decreased with the EU-15 accounting for 88.6 per cent, the new EU member states 52.3 per cent, Asia 49 per cent and the US 39.5 per cent (DIHK 2009: 18). In the Asian region, most sales opportunities took place in China and India, followed by Japan and Korea, and with respect to market growth potential, according to German companies surveyed, this rang order of Asian countries stayed the same both in 2007 as well as in 2009 (DIHK 2007: 14; DIHK 2009: 22). According to companies surveyed in 2007, 95 per cent responded “free market access”, and 84 per cent “a better competitive situation/specific market for the product” as “the main reasons and motives for the engagement abroad” (DIHK 2007: 25).\textsuperscript{162} NTBs, such as technical standards and norms, adjustment of products/services to market requirements, and market protectionism (in general), were identified as important obstacles to trade (DIHK 2007: 35-36; DIHK 2009: 10). The latter accounted for almost 60 per cent of German companies believing that protectionism was used as a barrier to trade (DIHK 2009: 10). Market protectionism was due to the financial and economic crises where, as part of managing the crisis new barriers to trade, mainly NTBs were created globally (DIHK 2009: 11). With around 56 per cent of the companies surveyed in favour of a conclusion of the WTO negotiations/FTAs (DIHK 2009: 13)\textsuperscript{163}, the DIHK stated that,

“during the crisis, this protectionism is exactly the wrong way. Right now, a multilateral policy of trade liberalization and open markets is the best medicine against the economic slowdown” (DIHK 2009: 11).

It thus called on the government to continue to advocate for an ambitious conclusion of the DDR and the multilateral reduction of trade barriers. Nevertheless, it viewed that the conclusion of a comprehensive EU-Korea FTA would be the best signal against protectionism. The position of the DIHK towards the EU-Korea FTA was as follows

“Overall the benefits of the FTA predominate for most economic sectors, and clearly partial disadvantages could be largely mitigated in the intensive renegotiations over longer transitional periods. The DIHK therefore views that a conclusion of the negotiations is to be welcomed” (BAWM 2009: 65).

\textsuperscript{162} This question was not posed in the 2009 survey and can thus not be compared with the data from 2007.

\textsuperscript{163} Of the overall German respondents around 56 per cent were in favour of the conclusion of WTO negotiations/FTAs, whereas roughly 40 per cent were indecisive and almost 4 per cent were not in favour (DIHK 2009: 13).
The German Trade Union Confederation (DGB)

Peak association of the labour movement in Germany is the DGB (der Deutsche Gewerkschaftsbund). It embraces eight German trade unions including the metal workers association (IGMetal), the services workers (Ver.di) and the police union (GdP). It represents the interests of six million people across several industrial and public sectors and branches and hence, the DGB articulates a large diversity of interests of labour in the policy-making process.\footnote{http://en.dgb.de/member-unions (Accessed January 17, 2017).}

The DGB was ambivalent towards the Global Europe communication. On the one hand, with the German economy largely dependent on export industries and most DGB members employed in competitive export sectors, the DGB was in favour of bilateral FTAs. On the other hand tough, this strategy was criticised because the DGB favoured the multilateral trading system and the inclusion of social minimum standards in the DDR negotiations (DGB 2005a: 5; DGB 2006a: 34). In its official response to the Global Europe communication, the trade union stated that

“The DGB prefers a multilateral trading system within which strong social as well as environmental protection levels through appropriate rules can be ensured. Only a multilateral system can (...) control the international race towards the detriment of working conditions and the environment” (DGB 2007a: 4).

However, against the background of the stalled negotiations on the multilateral level, and the fact that social standards basically disappeared from the EU trade liberalisation agenda, the DGB supported EU’s bilateral trade agreements as they would

“offer the possibility to transport European values through global economic relations. This, however, requires a coherent policy taking social, ecological and economic concerns into account” (DGB 2006: 4).

The DGB was however disappointed that the German government’s response to the Global Europe trade strategy clearly emphasised the competitiveness-driven purpose of the proposed trade agreements and did not refer to the issue of social standards. The DGB thus viewed that the German governments’ promotion of social objectives through the new FTAs was far from a priority and it therefore called on the government to link obligatory minimum social and environmental standards to the granting of negotiation mandates. These standards were to be included in the form of a social chapter where they were to be used as a benchmark for all bilateral trade agreements (DGB 2007a: 5). Although preferring the multilateral trading
system, the DGB was thus not opposed to bilateral FTAs, but lobbied the government for the inclusion of social conditionalities within these latter agreements, for example during its EU Council presidency and its G8 presidency (DGB 2007b; DGB 2010: 62).

The DGB thus supported the corporate agenda of Global Europe, thereby representing its members’ interests, as long as it was to include a social agenda. Regarding the former, Global Europe’s main objective, which was mostly welcomed by the DGB, was that trade policy was to focus on entering the emerging markets of developing countries as means of safeguarding jobs in Germany (DGB 2005b: 1). Regarding the latter, a main objective of the DGB with regard to global trade, whether multilateral or bilateral, was that it should prioritise greater equity, poverty reduction, sustainable development and decent work over freedom of the market and trade liberalisation in the form of human rights treaties of the UN and the ILO core labour standards. According to the DGB, trade policy “should not lead to governments giving into pressure from companies who, by disregarding workers’ rights, gain from export benefits while the working and living conditions of millions of people deteriorate. (...). The DGB demands from the German government that fundamental workers’ and human rights are integrated in the WTO agreements and their compliance is monitored under the leadership of the ILO” (DGB 2006b).

Although not opposed to but critical of the Global Europe communication, the DGB declared that fair competition and fair trade should include reciprocal market opening under equal conditions and safeguarding European values, such as social standards for example, labour and environmental standards (DGB 2007c: 1-2). The DGB also made clear that “The interests of employees are to be considered equally to the interest of consumers. A one-sided consideration of consumer interests can lead to a distorted picture (...) for example, when short-term price advantages for consumers lead to sustainable job losses. (...). The DGB therefore gives priority to the protection and preservation of jobs” (DGB 2007c: 4).

The DGB expected from the double German presidencies (EU Council Presidency and G8 Presidency) an enhanced dialogue and progress on the ILO core labour standards (DGB 2006c). DGB President Michael Sommer stated that he had conducted in intensive dialogues with the German government prior and during the G8 Summit, in order to discuss issues of the social dimension of globalisation and to ensure that social standards were to be respected in bilateral trade agreements (TAZ 2007; G8 Social Dimension of Globalisation 2007).

“It is delightful that the G8 also calls on the World Trade Organisation (WTO) and other international players to work together with the ILO to ensure that social standards are also to be taken into account in bilateral trade agreements.
With the WTO, an important global player will be involved in a joint strategy for the worldwide promotion of workers’ rights. What applies to the World Trade Organisation must also apply to the World Bank, the International Monetary Fund and the OECD. The social shaping of globalization can only be achieved with a common, coordinated approach for all these organisations” (DGB 2007d: 2).

The DGB was of the opinion that growth and employment were not prerequisites for sustainable development and it therefore believed that Global Europe was not a suitable long-term approach to solve the problems of growth and jobs without the inclusion of a social and environmental dimension in the EU’s trade strategy (DGB 2007a: 4). Regarding the selection of the trading partners, the DGB did support the economic criteria of market potential, even though it criticised that expected benefits of liberalisation were not passed on to the citizens but to companies (DGB 2007a: 3). It underlined that the trade strategy completely excluded social factors. Prime example here was the EU-Korea FTA

“The Commission identified a potential trading partner that still ignores fundamental workers’ rights. For example, there is no reference to the Commission's Communication on the Social Dimension of Globalisation from 2004 and the ILO Decent Work Agenda of May 2006” (DGB 2007a: 4).

Instead of exporting EU values, the EU-Korea FTA was to send the wrong signals due to Korea not respecting its international obligations. The DBG demanded that the EU-Korea FTA was to include a social dimension, and demanded that the agreement was to include provisions to promote the respect for fundamental ILO standards. Its view was that the enforcement of basic labour standards and environmental standards were central to the creation of a level playing field in international trade, because they would protect economic sectors, and thus combat unfair competitive advantages due to insufficient working standards and prohibit social or environmental dumping (DGB 2007a: 4).

Given that future trade partners are to have a say in formulation of domestic rules, the DGB also called for more transparency and the inclusion of citizens in trade policy negotiations

The DGB will not accept the one-sided orientation of European rules on competitiveness, without considering social and environmental concerns (DGB 2007a: 6).

2.2.3. German Sectoral Associations

Individual German associations under scrutiny here (and which are all members of the BDI) are those which felt their sectoral interests directly affected by the EU-Korea FTA. This
section will thus not provide an exhaustive list of all German sectoral business associations most probably having been affected by the EU-Korea FTA. Only those associations are under scrutiny here which represent the sectors identified in the previous section to be directly affected by the EU-Korea FTA. The section has shown that the German Mechanical Engineering Industry Association (VDMA) and the German Chemical Industry Association (VCI) were to be positively affected, whereas the German Association of the Automotive Industry (VDA) was to be both positively and negatively affected by the EU-Korea FTA. Below, Table 23 provides an overview of the largest industrial branches relevant in this step of the multi-step analysis which illustrates the importance of these to the German economy and employment.

<table>
<thead>
<tr>
<th>Sector</th>
<th>Number of companies</th>
<th>Employees in 1,000 yearly average</th>
<th>Turnover bn Eur</th>
</tr>
</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>37.611</td>
<td>5.681</td>
<td>1.384</td>
</tr>
<tr>
<td>Mechanical engineering</td>
<td>5.826</td>
<td>873</td>
<td>167</td>
</tr>
<tr>
<td>Chemicals</td>
<td>1.405</td>
<td>418</td>
<td>130</td>
</tr>
<tr>
<td>Automobile</td>
<td>1.001</td>
<td>750</td>
<td>273</td>
</tr>
</tbody>
</table>


German Association of the Automotive Industry (VDA)
The previous specification step of the multi-analysis step has shown that liberalisation of the automobile sector was expected to be a major point of contention in the EU-Korea FTA negotiations. This negative impact of the trade agreement on this economic sector is also backed up by the literature (Elsig and Dupont 2012: 501; Siles-Brügge 2014: 114). This controversial stance was mainly because of the industry’s importance as a domestic employer as well as the importance of the automobile industry as an export sector, thus playing a key role in growth and employment. In 2006, this sector accounted for 3 per cent of GDP (VDA 2007a: 3), a turnover of around 273 billion Euro, representing the interests of around 1.000 German companies. The VDA, the association representing both automobile manufacturers and suppliers, stated that in 2006 the automobile industry was Germany’s most important industrial sector (VDA 2007a: 214) with 750,000 people employed in the automobile industry (VDA 2007a: 216). In 2006, it produced 5.4 million vehicles (VDA 2007a: 3) which resulted in Germany ranked as number 4 of the leading motor vehicle producers, after Japan, the US and China, respectively and before Korea on rank number 5 (OICA 2006).\(^{165}\) In 2006, 70 per

\(^{165}\)This ranking is based on total motor vehicle production (passenger cars, light and heavy trucks, and buses). http://www.oica.net/category/production-statistics/2006-statistics/ (Accessed August 19, 2016).
cent of products were exported (VDA 2007a: 3) and with more than 2,000 manufacturing operations worldwide, the VDA viewed the German automobile industry as a “global player” (VDA 2007a: 18). In its 2007 annual report, the VDA stated the importance of free trade to the German automobile industry

“The VDA has always advocated an equitable WTO round that offers real market access to all the countries involved. Access to foreign markets means export opportunities for the German automotive industry and thus enhanced prospects for maintaining and creating jobs in Germany” (VDA 2007a: 18).

Since the DDR negotiations were stalled, the VDA could not rely on its main aim within this round, the removal of TBs and NTBs within the WTO framework. It recognised that trade competitors such as the US and Japan had secured advantages by concluding bilateral FTAs with selective third countries. In its 2006 annual report, the VDA stated this development “as a clear exhortation” and it would rather favour a DDR round without any result than a successful round where concessions were made which would bear a significant disadvantage to competition (VDA: 2006: 22). For this reason, the VDA supported the Global Europe trade strategy

“The VDA petitioned the Federal Government (...) quite vigorously for a genuine improvement in market access, especially in the important growth markets in Asia [in order] to begin bilateral initiatives (...) to reduce the present high customs barriers for automobile manufacturers and suppliers” (VDA: 2006: 22).

In line with the Global Europe strategy, the VDA equally set out economic criteria for the introduction of bilateral FTAs in selected markets; (1) markets with considerable TBs and NTBs restrictions, (2) markets with considerable growth potential, and (3) where German competitors had established themselves, because

“where other free trade agreements entail competitive distortions at the expense of the German automotive industry, these disadvantages need to be dismantled, this being possible as a rule only via an EU agreement with the countries concerned” (VDA 2008: 40).

The concern of the VDA here was that competitors’ reduction or elimination of TBs and NTBs would result in German manufacturers being unable to exploit these markets or would reduce German market shares considerably. In addition to its previously exclusive focus on the WTO negotiations, the VDA thus welcomed negotiating the reduction or removal of both TBs and NTBs in bilateral FTAs, however

“the chronological order of partner choices does not in all respects meet the interests of the German and European automotive industries. For example, from the German automotive industry’s perspective, agreements with the
ASEAN states (Brunei, Indonesia, Malaysia, Philippines, Singapore, Thailand, and Vietnam) and India should be high on the list of priorities. Free trade agreements [of competitors] (…) have fundamentally changed the situation of the German automotive industry. As soon as the customs-duty reductions and medium-term customs waivers (…) come into force, German manufacturers and their suppliers will be put at a significant competitive advantage” (VDA 2007a: 19).

The dismantling of trade barriers in ASEAN countries had long been called for by the VDA, which had been in close dialogue with the BMWi in order to create the necessary conditions for additional growth and employment (VDA 2005). The VDA therefore clearly favoured concentration on the ASEAN countries and India due to extremely high import duties of up to 100 per cent. A trade agreement with Korea was not at all a priority on the VDA’s trade agenda, although its importance increased after the US concluded their trade agreement (Interview VDA). The VDA nevertheless found it important that the EU-Korea FTA negotiations were to run parallel to negotiations with the countries above (VDA 2006: 23).

In contrast to these ‘high-priority’ countries, the VDA viewed Korea as a country with only modest market potential due to the Koreans dominant domestic market share of 96 per cent, compared to a German market share of 2.4 per cent (VDA 2007a: 24). Also, trade between Korea and Germany was extremely unbalanced; in 2006 Korea exported 110,000 vehicles to Germany, whereas Germany’s number of exports to Korea accounted for 20,000 vehicles (VDA 2007a: 23-24). In the same year, German imports from Korea exceeded its number of exports to Korea “by a factor of just less than six” (VDA 2007a: 23). Also, German automobile producers were faced with competition in the form of Korean cars being produced in EU low-cost countries Czech Republic (Hyundai) and Slovakia (Kia) (VDA 2006: 30). Contributing to the already existing unbalanced trade situation would be the elimination of the EU’s 10 per cent customs duties on passenger cars. According to the VDA, this would have a significant impact on the German automobile industry as a competitive advantage for Korea would be created. This liberalisation would entail a huge increase of Korean exports into the EU market, ultimately leading to job losses in Germany (VDA 2007a: 24). Furthermore, the VDA was concerned with problems of market access in Korea due to various NTBs. As mentioned previously, this discrimination of exporters existed in the form of different standards and regulations, mostly in the form of environmental and safety restrictions hampering trade. Discrimination of foreign products is embedded in the Korean culture, i.e. “it is virtually a tradition” (VDA 2007a: 24) to favour domestic producers over foreign ones.
An example of these NTBs was Korea not fully recognising the United Nations Economic Commission for Europe (UN/ECE) regulations. Although having officially signed these, Korea did not enforce them but instead applied domestic automobile regulations which were aligned with US regulations. The dismantling of these NTBs would provide German producers with market opportunities, but the VDA stated that the dismantling of certain NTBs could also potentially result in Korea introducing new ones (VDA 2007a: 24). For this reason, the VDA demanded that the FTA negotiations were to be subject to the following minimum requirements in order to make sure that the FTA “at least offers sufficient certainty of avoiding serious damage as a result of an asymmetric outcome”; (1) the dismantling of NTBs already before conclusion of the FTA, (2) no introduction of new NTBs substituting old ones during negotiations, and (3) establishment of a dispute settlement body preventing the introduction of NTBs once the FTA was concluded (VDA 2007a: 25).

FTA negotiations made little progress as the EU and Korea were struggling to narrow differences and both were reluctant to accept each other’s demands on tariff reductions, dismantling NTBs and rules of origin (Korea Times 2009). The EU asked Korea to phase out its 8 per cent tariff on car imports within three years but Korea had a more conservative stance proposing to phase out these tariffs within seven years (Fifield 2007a). On the other hand, when Korea asked the EU to do exactly the same, to phase out its 10 per cent tariff within three years the EU equally proposed seven years (Jin 2008). After three negotiation rounds, the EU offered Korea to eliminate or phase out import tariffs on Korean goods within seven years and remove tariffs on 80 per cent within three years, whereas Korea offered the EU to eliminate or phase out tariffs on 68 per cent of European goods within three years (Fifield 2007a). During the seventh round of negotiations, Korea offered to remove all tariffs on industrial goods within three years and eliminate these on roughly 72 percent of EU goods. This offer however was met with disappointment because the automobile industry demanded similar tariffs on the basis of the US-Korea agreement (Xinhua 2008). After several clashes over the pace and scope of these tariff concessions, during the further course of negotiations however, the EU and Korea agreed that small-sized passenger cars would be fully liberalised five years after entry into force of the agreement and for medium-sized and large passenger cars a three year liberalisation period was decided (European Commission 2011: 5). This however went against the interest of the VDA which demanded longer transition periods and thus a return to the original negotiation position of phasing out TBs within seven years (VDA 2009a: 32).
With regard to NTBs, during FTA negotiations Korea proposed the exclusion of its cars from the EU’s regulations on emission control, which was refused by the latter as it demanded all NTBs to be included in the FTA. The difference of positions on non-tariff measures continued during further negotiation rounds with Korea refusing to apply international standards and preferring to instead stick with domestic rules (Jin 2007). This was strongly criticised on the EU side, because complying with Korean standards would bear too many costs for European car producers (Chaffin 2008) and Korea’s defensive approach would lead to an inferior trade agreement in comparison with the US-Korea FTA (Fifield 2007b). The VDA demanded a final and irreversible removal of all NTBs (VDA 2009: 32). VDA President Wissmann stated that German producers would not gain enough market access and would only profit slightly from exports to Korea and because the FTA would favour one-sided exports from Korea to the EU the agreement needed to be improved urgently (VDA 2009c). Also, the FTA would not deal with all NTBs and due to Korea not fully recognising the OBD and emission limits as well its plans to further reduce CO2 emissions, this would block market access (Ludwig 2010). Furthermore, it would be difficult and expensive for the German automobile producers to comply with Korean regulations (Appel 2009). VDA President Wissmann stated that the FTA “in its present form is unbalanced. It goes at the expense of the German and European manufacturers, it jeopardizes investments and jobs in our industry and gives the South Korean automotive industry competitive distortions. If we have to adapt our vehicles to the standards that are specific to the South Korean market, this would entail unacceptably high costs” (VDA 2009c).

At the International Motor Show (IAA) in 2007, Wissmann explained the importance of creating global uniform criteria for the CO2 emissions of vehicles as this would create possibilities to develop products on the same scale and optimise them under similar conditions (VDA 2007b). Wissmann demanded that the European standards (OBD) were to be “binding” in the EU-Korea FTA agreement (VDA 2009c: 32).

Apart from TBs and NTBs, other controversial issues for the VDA were two concessions which Korea secured during FTA negotiations; the rules of origin for products and the duty drawback. Regarding the former, rules of origin, the EU suggested that a product comes from a trade partner when 60 per cent of the value of the finished product is added in that country. Korea however wanted to keep flexible rules and a threshold of 40 per cent because various
Korean manufacturers depend on car components from neighbouring countries such as China to cut costs (Jin 2008). The EU and Korea eventually agreed on a threshold of 55 per cent, i.e. the agreement would moderately raise the levels of permissible foreign content from 40 per cent to 45 per cent (European Commission 2011: 6). The VDA however demanded the retention of the previously valid rules of origin amounting to 60 percent of local content (VDA 2009: 32) as it expected the German automobile industry to be threatened by serious competitive disadvantages by a surge of Korean exports in the form of inexpensive car models (Bonse 2009a).

Regarding duty drawback, this would allow the Korean government to compensate the customs duties paid by its exporters when they would import industrial parts from neighbouring countries such as China. Korea wanted permission to refund import tariffs to companies that use imported materials to make products for exports.\(^\text{166}\) The VDA strongly criticised such a provision since it would favour Korean exporters in not having to pay the associated customs duties (Bonse 2009a). Also, duty drawback was not allowed under the previous FTAs with Mexico and Chile and thus fears arose that if such a provision was included in the EU-Korea FTA, it would set a bad precedent for the EU’s ongoing and future negotiations with other countries (Chaffin 2009a). The VDA stated that such concessions had not been granted in other FTAs concluded by the EU, and the requested changes would deteriorate the competitive position of German manufacturers in the EU by further increasing financial benefits for Korean automobile exports (VDA 2009: 32). It lobbied the German government intensively to oppose this provision (Chaffin 2009b). During a trade policy workshop organised by the BMWi in June 2008, the VDA stated that the EU offers Korea access to a large market and it should therefore also achieve adequate Korean concessions (BDI 2008b: 2).

In January 2009, the VDA stated its dissatisfaction with the FTA negotiations and reminded the German government of the following minimum requirements it demanded in the FTA negotiations:

\[\text{\ldots the current status of negotiations for the agreement is extremely unsatisfying for our manufacturers and suppliers and because of the uneven playing field and the clear competitive disadvantages for the German automotive industry, they are unacceptable. A balanced result must include the rigorous realization of the original negotiating position concerning the subjects of the dismantling of duties and rules of origin as well as the \ldots}\]

\(^{166}\) For Korea, the duty drawback issue was not negotiable (Soh-jung 2009; Elsig and Dupont 2012: 501).
exclusion of the duty drawback for imported precursors (“Duty-Draw-Back Ban”). In addition next to an effective, quick-acting mechanism in case of an emergency, it is above all essential to irreversibly dismantle all non-tariff barriers to trade. According to the EU mandate for negotiation this dismantling should already occur in parallel to the ongoing negotiations. However progress in this regard is only evident to a very limited extent” (VDA Politikbrief 01/2009b: 8).

The VDA demanded support from the German government in its efforts to achieve a balanced conclusion to negotiations. It viewed the FTA as highly unbalanced due to the fact that it did not respect the principle of mutual benefit by offering a disproportionate competitive advantage to the Korean automobile industry. The financial crisis reinforced the demand that FTAs were to be well-balanced with a clear focus on not further weakening the competitiveness of the German automobile industry. The VDA referred to the negotiation mandate which stated that a FTA was to contribute to the competitiveness of the EU. Instead, the agreement went against the interests of the German automobile industry and its employees (Interview VDA). For this reason, the VDA lobbied the German government intensively to engage with the Korean government to ensure fair trading conditions, the improvement of market access including tariff barriers and non-tariff barriers with the objective of equal treatment for automobiles from the US and the EU (Interview VDA). The VDA called for “maintenance and expansion of the domestic market and concentration on a fair, mutually respectful trade policy” (GDV 2009: 90).

President Wissmann demanded a tough stance of the German government (Bonse and Rinke 2009) and had various discussions with Chancellor Merkel and Economics Minister zu Guttenberg in order to specify the importance of the re-negotiation of these issues (Ramthun 2009).

**German Mechanical Engineering Industry Association (VDMA)**

According to Table 21, mechanical engineering was the most important German economic sector. In 2006, the sector’s approximately 5,800 companies employed around 870,000 workers, reaching a turnover of around 168,000 billion Euros. Many industries depended directly or indirectly on the performance of the capital goods industry and made the sector an important link in the value chain of almost all sectors of the economy (VDMA 2011: 4) and around 76 percent of German machine production is sold abroad (GDV 2009: 86).
With regard to the Global Europe trade strategy, the VDMA stated that as long as the WTO negotiations were stalled, it would support the trade talks with important emerging countries also because these agreements could lead to the conclusion of the Doha Round (VDMA 2011: 39). The VDMA particularly focused on Asia because 50 per cent of its export growth from previous years came from this region. In its position paper entitled ‘German Mechanical Engineering and Asia – Ensuring Long-Term Success’, this organisation stated that “WTO talks must be continued swiftly” as this is the best platform to achieve elimination of trade barriers, in particular substantial reductions in tariffs and the elimination of NTBs (VDMA 2010a: 6). The position paper stated that the VDMA supported bilateral trade agreements only if there was a risk of competitive disadvantages for German companies. The focus here was on countries with large, dynamic sales markets, high import duties and significant NTBs. This was especially true for South Korea and India, both of which were important export markets for the industry in Asia. The aim of bilateral FTAs was to reach a complete mutual elimination of all custom duties. Moreover, not only customs duties but also NTBs, which make market access difficult in many countries, were to be included. In order to avoid additional bureaucratic and financial burdens in these FTAs, rules of origin were be taken as a basis. The VDMA generally represented offensive interests which, in a FTA negotiation processes, needed to be balanced with defensive interests in other sectors (VMDA 2010a: 5; Interview VDMA). The VDMA stated that in the foreseeable future the export growth of its industry would take place in Asia and it therefore demanded that with regard to external trade, the German government should put a stronger emphasis on this region as trade “activities should take place on attractive Asian markets” (VDMA 2010a: 4-5).

With regard to the EU-Korea FTA, the VDMA issued a position paper in June 2007 in which it strongly supported the EU-Korea FTA negotiations and in which the following demands were highlighted:

- The immediate start of trade negotiations as otherwise member companies would lose market shares if a FTA is not concluded and due to the US-Korea FTA already having concluded negotiations;
- Due to the high import level of 8 per cent on German exports an offensive strategy should be applied during FTA negotiations in order to eliminate tariffs;
- Uniformity of rules of origin for the FTAs planned with Korea and other Asian states in order to prevent bureaucratic burdens under which SMEs would suffer;
- Reduce NTBs which discriminate VDMA member companies, for example the ‘manufacturer approval’ which foreign companies need in order to be able to export products into Korea (VDMA 2007: 2).
The German mechanical engineering sector had high expectations of the EU-Korea trade agreement as it promised an enormous boost for its exports (Ludwig 2010). According to VDMA’s President Manfred Wittenstein, the annual exports worth 2.3 billion Euro would quadruple (Reuters 2009a; EUFAJ 2009: 73). The VDMA thus sought to promote a rapid conclusion of the EU-Korea deal (Bonse and Rinke 2009). VDMA CEO Dr. Hannes Hesse stated the association’s interest in the EU-Korea FTA

> Here, our industry is concerned primarily with a rapid reduction of tariffs. The average customs duty for products delivered to the country is around 8%, well above the EU average of only 2.5% (Wallerang 2009).

At the same time, the VDMA had to counter the protectionist approach of the automobile sector which was keen on protecting its market. The VDMA was resentful of this approach and it vehemently lobbied the German government for a quick conclusion of the agreement which would dismantle custom duties (Ramthun 2009). Due to the VDMA being very dependent on open markets and on creating a level playing field regarding exporting conditions, Mr. Hesse stated

> “For our industry, the ratification of the free trade agreement with South Korea is the first priority on the subject of market opening, which would open up an additional market potential of up to seven billion US dollars” (VDMA 2010b: 7).

The VDMA also lobbied for a quick conclusion of the trade negotiations because this would strengthen the competitiveness of producers towards their competitors from Japan, China and the United States (EUFAJ 2009: 73). During the trade policy workshop organised by the BMWi in June 2008, the VDMA pointed to the strong share of mechanical engineering exports of overall German exports to Korea, to the fact that this sector was not prone to any NTBs and that the elimination of customs duties would be a clear competitive factor for the industry with regard to competitors (BDI 2008b: 1).

With regard to the duty drawback regulations, the VDMA stated that these should be considered differently. On the one hand, a ban on duty drawback loses significance the more FTAs Korea concludes with third countries. Especially a Korea-China FTA would result in redundancy of a duty drawback ban in a EU-Korea FTA. On the other hand, EU concessions for duty drawback should be seen as a negotiating measure. If a FTA would allow EU-Korea duty drawback towards third countries, and would eliminate tariffs between the EU and Korea, then the net effect would bring more gains than the failure of the negotiations because
of a tough attitude towards duty drawback. This approach was also supported by the BDI (BDI 2008b: 2).

VDMA President Dr. Thomas Lindner stated that the mechanical engineering industry needed the support from the German government with regard to increasing the market access of German businesses in Asia

“Only [the government] can set the framework for a level playing field with international competitors and thus help to maintain industrial production in Germany” (VDMA 2010c).

The EU-Korea FTA was thus extremely important to the mechanical engineering industry. A representative involved in the trade negotiations stated that the majority of Germany industry was highly in favour of the agreement as it promised these sectors, but especially the mechanical engineering industry, additional export potential

“Mechanical engineering is the backbone of the German industry. The VDMA fought four years for the conclusion of the EU-Korea FTA, as all studies and investigations clearly pointed out that mechanical engineering in particular could benefit from this agreement. The agreement achieved economic integration going beyond the elimination of customs duties and also included the elimination of non-tariff barriers to trade. This improved the competitive advantage for our industry in the Korean market, but also significantly enhanced our position against the US, Japan, China and the EFTA countries. For our export-dependent industry, open markets are vital. In view of the uncertainty surrounding the conclusion of a multilateral trade agreement within the WTO, the VDMA was highly supportive of ratification of the trade agreement with South Korea” (Interview VDMA).

Association of the German Chemical Industry (VCI)

In 2006, the chemical industry ranked second among the major industries in Germany, with around 1.400 German chemical companies and including over 410.000 staff and total sales of approximately 130 billion Euros (Table 21). The organisation represents the interests of more than 90 per cent of German chemical companies and German subsidiaries of foreign companies.167

Equally, like the other business associations mentioned above, the VCI favoured open markets and the elimination of all tariffs (VCI 2006: 1). For this reason it called for a strong multilateral trading system and strove for ambitious results of the DDR with a sectoral

agreement on the elimination of all chemical tariffs (VCI 2006: 4). In its 2006 position paper on the Global Europe strategy, the VCI stated that due to fast progress of globalisation chemical companies faced considerable pressure from their competitors, such as the US, Japan and from various East Asian emerging countries. For this reason, the VCI viewed the focus on bilateral FTAs in the Global Europe strategy as

“imperative in the context of strengthening the competitiveness of European industry. Such a reorientation requires openness, as open markets and competition are a precondition for top-class performances. The German chemical industry is therefore committed to the further liberalization of world trade” (VCI 2006: 1-2).

As all other business associations mentioned above, the VCI equally preferred the multilateral framework of the WTO which it viewed as being the most effective and efficient way of achieving liberalisation measures, and called for a fast and an ambitious conclusion of the DDR. The VCI nevertheless supported the application of bilateral FTAs as a complementary instrument and not as a threat to the multilateral trading system (VCI 2006: 4). These FTA partners should be selected according to strict economic criteria and certain conditions under which FTAs should be established. In order to reach comprehensive market opening, these conditions included that FTAs should (1) encompass 100 per cent of liberalisation of trade in goods (instead of 90 per cent “substantially all trade”), after a fixed period of time, (2) apply uniform rules of origin because different rules of origin would lead to trade distortion and, (3) include WTO-plus criteria without restrictions or exceptions in trade in goods, due to concessions which might have to be made during trade negotiations (VCI 2006: 5). For the VCI, developments have shown that EU trade policy needed to adapt to a changing global environment.

“If the US, or Japan, is conducting FTA negotiations with one of our major trading partners then we must catch up in order to prevent discrimination. We cannot allow another disaster like Mexico. This applies in particular to the export-intensive German SMEs. Large multinationals can offset any discrimination by exports from FTA countries; the SMEs cannot do so in general” (VCI 2006: 5).

Due to trade liberalisation’s contribution towards prosperity and an overall growth-enhancing effect on the chemical industry, the VCI explicitly welcomed the EU-Korea trade agreement and demanded a speedy and comprehensive market opening because an agreement between the EU and Korea would bring the German chemicals industry profits of 210 million Euro in the first year and 390 million Euro per year after full liberalisation (Quick und Blum 2011: 9).
Therefore, trade liberalisation through a substantial reduction or elimination of tariffs bilaterally were in the German chemicals industry’s interest, especially

“In times of global protectionist pressure, the agreement is an important signal for the reduction of trade barriers” (Blum 2009: 10).

Head of the VCI Committee of Foreign Trade, Prof. Dr. Reinhard Quick and Dr. Matthias Blum, advisor to this Committee, stated their expectations of the trade agreement

“The complete elimination of tariffs will reduce border payments and strengthen price competitiveness. Furthermore, the abolishment of non-tariff barriers will facilitate market access (…) which are not included in this form in any previous free trade agreement of the EU (Quick und Blum 2011 8-9).

They further demanded that the trade agreement ensured as much consistency as possible between all FTAs in order to minimise divergent administrative procedures, such as rules of origin for customs authorities. With regard to the elimination of custom duties,

“Korean duties will be dismantled after seven years at the latest, but the bulk will be reduced significantly earlier: after three years we have already reached 88 per cent of the tariff lines. We estimate that the customs duties of more than two thirds of the exports will actually be eliminated, which amounts to at least 60 million euro per year” (Quick und Blum 2011: 9).

According to the VCI, EU-Korea FTA negotiations should secure an outcome at least comparable to conditions granted by Korea to other key competitor countries. In addition, the aim should be to reduce or eliminate all NTBs and prevent the introduction of new ones. FTAs should be so-called ‘WTO-plus’ agreements going further in promoting market openness and integration, by including NTBs which were not yet covered by the multilateral approach. These included provisions for the reduction or prohibition of export duties/taxes and dual pricing practices; and rules on competition, intellectual property, government procurement and investment protection. The VCI demanded that the agreement must contain a dispute settlement mechanism in order to improve market access, to abolish trade barriers and to ensure protection against unfair trade practices (Blum 2009: 10).

The EU-Korea FTA however did include duty drawback which went against the interests of the VCI but a limitation of the impact of this had been agreed as a negotiation compromise, by a special safeguard mechanism (VCI 2011). According to Blum (Blum 2009: 10), all large industrial sectors would benefit from the EU-Korea FTA.
“Already at the time of the entry into force of the agreement, additional export opportunities in the amount of around 6.4 billion euros per year should be generated for the (...) most important German export sectors.”

2.3 Domestic Interests’ Presence in German Governmental Trade Positions

Identifying the independent variables within the German governmental trade position before the EU-Korea FTA negotiations, i.e. the (1) the period leading up to the granting of the negotiation mandate and, (2) the actual course of negotiations up until the FTA was signed, is important because doing so indicates the degree of correlation between societal demands, as specified in the second analytical step above, and the German governmental trade positions. Equally, identifying domestic interests’ presence in the governmental trade position taken allows for testing the hypothesis, also specified in the first step of this multi-step analysis, in order to determine under which conditions domestic sectoral material interest prevail in the German governmental trade position.

The relative presence of this independent variable was identified through discourse analysis and, in addition, is supported with economic data, expert interviews and secondary literature. The analysis was performed on statements made by elected and appointed government officials which played prominent roles in the trade policy making process in Germany during the specified time period. In this manner, the methodological triangulation (Dür 2008b: 569) of combining discourse analysis and expert interviews in addition to the standard reference paid to secondary literature and economic data should provide a comprehensive and accurate representation of the German governmental trade position before and throughout the negotiations and, consequently, also an accurate picture of the factors at play in the government’s domestic preference formation.

The trade policy priorities of the Federal Government were laid down in the 2005 – 2009 coalition agreement of the CDU, CSU and SPD. These priorities emphasised the significance of trade for growth and jobs and included the importance of international trade and the growing interdependence with foreign markets for the German economy. Equally important was that free world trade was to be settled reliably within the multilateral framework of the WTO and to be supported by an active German trade policy. Also, the creation and expansion of clear rules for worldwide trade relations was of great significance. As a key objective of this coalition was to “generate growth and open up more employment opportunities” (Koalitionsvertrag 2005: 20), the section in the coalition agreement entitled “Active foreign
trade policy” included the following aspects in order for external trade to contribute to new
growth and more employment.

“Open international markets and free trade are of central importance for the
economic development of Germany. Through an active foreign trade policy,
German companies are to be supported in developing the world market.
Internationally active companies secure and create future jobs, also in
Germany. That is why we are committed to open markets and fair competition
in Europe and worldwide. A successful conclusion of the Doha world trade
round is in the German interest. We will, therefore, work together with the EU
on the development of the multilateral world trade rules” (Koalitionsvertrag

Focus thereby was on the intensive support of SMEs in the development of foreign markets
(Koalitionsvertrag 2005: 26). This last priority was also stated in the BMWi’s 2006 ‘Annual
Economic Report’

“The Federal Government supports the German export industry by advocating
open markets and competition in Europe and the world. In addition, in future it
will focus its foreign trade instruments more strongly on the medium-sized
businesses. (…). The SME sector is the main pillar of the German economy.
To promote the growth and innovation potential of small and medium
enterprises is therefore a major concern of the Federal Government”
(Bundesministerium für Wirtschaft und Technologie 2006: 11).

These trade policy priorities of the German government however, did not, at this point in
time, include the application of bilateral FTAs in order to achieve its key objective of
increased growth and employment. The mentioning of such FTAs, although in a relative
negative way, occurred in January 2006 by Chancellor Angela Merkel at the Davos World
Economic Forum, which proves that Germany was originally critical about bilateral and
regional FTAs and preferred the multilateral track (Falke 2006: 187; Freund 2001: 231;
Lütticken 2006: 103-106). She made clear that the continuation of multilateral negotiations
within the WTO framework was essential for Germany, revealing thereby the government’s
aversion towards bilateral FTAs

“We need a world which considers the question of an international competitive
order. At this point I would like to express my clear support for international
institutions. I believe that the selective conclusion of bilateral agreements
between individual global players will not take us forward. Rather, in a global
world we all have to learn to make arrangements with one another” (Bulletin
der Bundesregierung 2006a: 7).

In May, Chancellor Merkel told the BDI in a speech that successful conclusion of the DDR
was a clear sign of Germany’s commitment to free trade because it would show a
commitment that Germany favoured openness and competition and that it was not protectionist (Bulletin der Bundesregierung 2006c: 2).

In June, Chancellor Merkel stated that

“We all know that advances in the world trade round are in our interest. I must tell you that there is an increased tendency to complete bilateral trade agreements around the world. But it cannot really be in the European interest if we have to start negotiations with each individual [country])” (Bulletin der Bundesregierung 2006d: 4).

The multilateral trading system was thus viewed as the most comprehensive possibility to gain market access in third countries and the importance and priority of a successfully concluded DDR was repetitively stressed. In July 2006, in a speech to the APA Committee, Chancellor Merkel stressed this importance by stating

“From my point of view, it can only be in the interests of Europe and Germany to strengthen multilateralism” (Bulletin der Bundesregierung 2006b: 7).

In July 2006, the German government issued a position paper, entitled ‘Shaping Globalization: Strengthening the EU’s External Competitiveness – Safeguarding Grow, in which it provided its response to the Global Europe communication (The German Federal Government 2006). Box 8 highlights the government’s position statements with regard to the following objectives (1) strengthening competitiveness, (2) opening of the European markets to trade and investment, (3) better market access in third countries, and (4) the removal of trade barriers and protection from unfair competition.

<table>
<thead>
<tr>
<th>Objectives</th>
<th>Position Statements</th>
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</thead>
<tbody>
<tr>
<td>Strengthening Competitiveness</td>
<td>“The European Union and its Member States must ensure that companies producing in Europe can exploit their opportunities on level playing field. Suitable external measures must (...) increase the competitiveness of the European economy (...) and by doing so, safeguarding growth and jobs”.</td>
</tr>
<tr>
<td>Opening European Markets to Trade and Investment</td>
<td>“The worldwide lowering of trade barriers is a goal to which the German government continues to feel committed [but] expects the European Union to look into all possibilities of imparting new”</td>
</tr>
</tbody>
</table>

168 This position paper was a response to discussions held by the Commission and stakeholders in 2005 (European Commission 2005) and the draft version of the Global Europe communication circulated to EU member states in June 2006 (European Commission 2006b).
169 All phrases in italics are original emphasis.
impulses to the process of market liberalization. Trade is as unimpeded as possible, is an important condition for economic growth and higher employment levels throughout the EU but especially for Germany with its export-oriented economy”.

“The German government supports the EU’s efforts to eliminate barriers to market access for investors in third countries. At the same time however, the EU’s attractiveness for foreign direct investment must be further enhanced through investor-friendly framework conditions”.

| Better Market Access in Third Countries | “New agreements should fundamentally far exceed WTO standards and should ensure the equal treatment of the EU vis-à-vis other countries. In this context, the German government also expressly supports the Commission’s efforts in the Doha Round’s negotiations on setting stricter criteria for free trade agreements.

“One of the main concerns of future EU trade policy must be for European service providers to improve market access conditions in third markets, above all in the newly emerging economies. In addition, the German government expects that the focus of attention in negotiations with third countries be directed at the removal of the many non-tariff barriers to trade that often make the involvement of our companies on these markets enormously more difficult.” |

| Removal of Barriers and Protection from Unfair Competition | “The German government expects the EU to work toward institutionalizing rules and standards at the international level and, in doing so, to woo support for the adoption of European regulatory concepts (so-called “new approach). This also applies to the field of social standards”.


This position paper reveals that the initial aversion towards bilateral FTAs increasingly turned into favour of such FTAs. Germany, as a leading exporting nation had a pre-eminent interest in advancing the DDR negotiations. The government however was nevertheless concerned about other trade actors increasingly trying to secure competitive advantages for their economies and it thus stressed the importance of increasing the competitiveness of German companies with the aim to ensure a level playing field. The German government was therefore gradually embracing bilateral FTAs as complementary to trade liberalisation through the WTO framework but the negotiations of these agreements were to include WTO-plus provisions.

In September 2006, BMWi Minister Glos met EU Trade Commissioner Peter Mandelson in order to discuss the Global Europe communication and the future of EU trade policy. Minister Glos emphasised Germany’s supportive position towards the communication and the application of bilateral FTAs in Asia

“A vital prerequisite for a possible free trade convention is a broad opening of the partner country’s market in accordance with the regulations which, in
particular, include non-tariff trade barriers and which compensates future and current competition disadvantages for German and European companies. In addition, it must be guaranteed that SME exports are not excessively burdened by complex bilateral regulations” (Federal Ministry for Economic Affairs and Energy 2006a).

Talking about Germany’s upcoming Council Presidency, Minister Glos also stressed Germany’s priority and importance of the DDR and the ability of bilateral FTAs in being part of this

“Germany is aware of its position and its responsibility during its EU Presidency. Therefore, we will do our very best to restart the suspended negotiations of the Doha round. Bilateral agreements can be important components in this multilateral process” (Federal Ministry for Economic Affairs and Energy 2006a).

In November 2006, in a speech directed towards the German Council on Foreign Relations (DGAP), Chancellor Merkel pointed towards the importance of international trade to Germany and how much the more than 8 million people active in the exporting sectors have benefitted from this. She stated the government’s preference for the multilateral trade liberalisation process by saying that it is

“willing to enter into international agreements and prefers multilateral agreements. I am extremely sceptical when the Doha round does not advance and instead the development is occurring or is intensifying, that every country concludes trade agreements with other countries. This does not lead to fair world trade, it does not lead to more transparency, it does not lead to the fact that those who have their chances in the free common world trade also get this. Germany in particular is profiting and has always benefited from free trade. Today, we have more than eight million employees in the export sector in Germany. Compared to the number of ten years ago, then these are 2,5 million more people. With regard to the question where jobs arise and where jobs are lost, the export sector is a real growth area for us. (…) This year we are export world champion for the fourth time in a row. Despite the great competition in recent years from the Far East, we have managed to maintain and expand our global market share. That is why we are obliged, with regard to our own interest, to promote the negotiations on world trade. That is why we will be working hard to ensure the success of the Doha round. The times are not easy. But there is still a small time frame. At least, we should not be accused of not trying” (Bulletin der Bundesregierung 2006e: 9-10).

In November 2006, Minister Glos expressed his support for re-launching Doha negotiations and stated that Germany, as the leading export nation had a preeminent interest in advancing the negotiations because

“our medium-sized businesses in particular are dependent on an efficient multilateral trading system [and] Germany would do everything in its power to
contribute to a successful conclusion of the WTO negotiations” (Bundesministerium für Wirtschaft und Energie 2006).

This position was also underlined by State Secretary Würmeling who explained that an important issue of the German Presidency would be the subject of external dimension of competitiveness. Referring to Germany’s position paper ‘Shaping Globalization’, Würmeling expressed that the government

“continues to attach a great importance to the successful conclusion of the Doha round. However, bilateral or regional trade agreements can represent a useful supplement, in order to secure equal treatment of European exporters with competitors from third countries which have already concluded, or are planning free trade agreements among each other” (Würmeling 2006a).

The German government thus strongly continued to support the conclusion of the DDR, but at the same time, was aware of and concerned about competitors applying bilateral FTAs to obtain competitive advantage for their companies. Its exclusive focus on multilateral trade liberalisation was hence complemented by supporting the application of bilateral FTAs. The government was however cautious about this shift in trade policy, as it did not want to jeopardise potential attempts to rescue the WTO talks (Rinke and Hauschild 2006).

In a government’s reply to a minor interpellation of several members of German parliament regarding the DDR negotiations and the Global Europe communication, the government stated that it supported all efforts with the aim of reopening the DDR negotiations under the German Presidency (Deutscher Bundestag 2006a: 2) but nevertheless also was in favour of the EU’s new impetus and opportunities to increase market access to third countries. Also, the government stated that the requirement to ensure a level playing field for manufacturing companies in Europe was basically aimed at ensuring that all actors in the global competition would apply the same fundamental rules and standards. It stated that the EU was to step up its efforts to prevent trade barriers by companies from third countries at the expense of European companies and jobs. In the context of WTO negotiations, the federal government and the EU advocated for a global reduction of NTBs (Deutscher Bundestag 2006a: 6). The German government regretted the suspension of the DDR negotiations, but at the same time stated that that this did not automatically mean the end of the Doha Round.

“The Uruguay Round was also successfully concluded after a long break. Now entering a period of reflection, the parties involved have the opportunity to review their negotiating positions and to look for new ways to conclude the round. However, the interruption also includes the risk of an even longer break
of negotiations and the loss of essential already agreed progress and negotiation results. From the perspective of the federal government, both must be avoided. Safeguarding and strengthening the multilateral trading system remains a priority of the 2007 Germany’s EU Presidency” (Deutscher Bundestag 2006b).

**The German Presidency of the Council of the European Union**

The Presidency of the Council of the European Union, better known as the Presidency of the Council of Ministers, was held by Germany from 1 January until 30 July 2007. It therefore covers both stages of negotiations, the pre-negotiation and negotiation phase. The EU-Korea mandate was adopted during the German EU Presidency and the first two EU-Korea FTA negotiation rounds (May and July 2007) took place during this time. It should also be noted here, that the DDR trade talks suspended in July 2006 officially resumed in February 2007 but broke down again in June 2007.

Germany’s Federal Minister of Foreign Affairs, Frank-Walter Steinmeier was President of the General Affairs and External Relations Council (GAERC) and BMWi Minister Glos presented Germany’s Council Presidency Programme entitled ‘Europe – Succeeding Together’ (The Federal Government 2007). This programme was divided into several issues of importance, starting with the issue of economic policy which was followed by social policy and environmental policy. With regard to international trade, the German Council Presidency gave high priority to strengthening competitiveness “of the industrial sector, the service industry and especially small and medium-sized enterprises” (The Federal Government 2007: 6). Its key objective, in line with the Global Europe communication, was “to support initiatives to boost the competitiveness of European business outside the EU” (The Federal Government 2007: 23).

The German government’s programme focused on the following main issues: (1) conclusion of the Doha Development Round, (2) complementing this multilateral negotiation round with bilateral and regional FTAs, (3) adoption of a new EU market access strategy, and (4) strengthening the 2005 EU-US Economic Initiative (The Federal Government 2007: 23; Federal Ministry of Economics and Technology 2007a: 12). In its 2007 ‘Annual Economic Report’, the BMWi stated its objectives for the EU Council Presidency

“The overriding policy objective of the German EU Presidency is a successful conclusion of WTO negotiations on the Doha Development Round, which includes all areas of negotiation. The Federal Government also supports the

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170 These issues were complemented by other issues such as foreign and security policy, energy policy, education policy, migration policy, etc. (The Federal Government 2007).
opening of negotiations on regional and bilateral free trade agreements with fast-growing emerging markets in Asia (...). It will work to ensure that during the German Presidency negotiating mandates will be adopted and concrete negotiations begin” (Bundesministerium für Wirtschaft und Technologie 2007: 22).

With regard to the DDR and bilateral/regional FTAs complementing this, the government stated in its EU Council Presidency that it

“continues to attach great importance to a successful conclusion to the Doha Development Round. However, bilateral or regional trade agreements with selected partners could also feasibly complement multilateral regulations. Ongoing negotiations are therefore to be intensified or complemented, and further consideration will be given to bilateral and biregional options” (The Federal Government 2007: 23).

Its work programme entitled ‘Shaping Europe’s Economic Future’ equally stressed these points (Federal Ministry of Economics and Technology 2007a: 11-12) and added that the government supports initiatives aimed at increasing external competitiveness in

“both merchandise trade and, increasingly services industries [where] there are businesses opportunities [and] where trade barriers tend to be high. These will need further reducing. (...) It is also important that trade rules are enforced globally in relation to third markets in order to ensure a level playing field for competing companies” (Federal Ministry of Economics and Technology 2007a: 11).

In a speech in February 2007 to present the government’s 2007 ‘Annual Economic Report’ to the German Bundestag, BMWi Minister Gloss stated that he aimed to use the Council Presidency to represent German interests within Europe. These interests were to

“further reduce or eliminate customs and barriers to entry in international markets [and] that the Doha Round negotiation will gain new momentum [as] future growth for Germany, Europe and the world is indispensable” (Bulletin der Bundesregierung 2007a: 6).

Equally in February that year, in his speech to present the Presidency programme, Gloss stated that:

“it is the opening of markets and the strengthening of external competitiveness that are basic prerequisites for economic growth and employment. (...) However, “Doha first” does not mean “Doha alone”. Opening markets through bi-lateral and bi-regional free trade agreements is also very important. This way we can improve the market access possibilities for European companies. The German Council Presidency’s objective is to achieve an agreement on the mandates in March, in order to be able to start negotiations with respective partners as soon as possible” (Glos 2007a).
In January 2007, these trade policy focal points of the German Presidency were re-stated by State Secretary Würmeling, in a speech to the meeting of the Committee of International Trade (INTA) of the European Parliament:

“The resumption of negotiations and a rapid conclusion of the Doha Round have top priority. But “Doha first” does not mean “Doha alone”. Market opening through bilateral and biregional free trade agreements is important in order to approve market access opportunities (…). But the world never stops turning. In the meantime, many countries (especially the USA and Japan) are attempting to gain competitive advantages for themselves via bilateral and biregional free trade agreements. In recent years the European Union has consciously restrained itself in this area and has concentrated its efforts on the multilateral Doha talks. However, we must live up to our responsibility to preserve the competitiveness of the European economy and respond to this development in an appropriate fashion. We cannot sit back and do nothing while European firms are being placed at a disadvantage in the international trade competition, nor do we wish to do so” (Würmeling 2007).

According to Würmeling, one goal of the German Presidency was

“to bring about a resolution on the mandates as soon as possible (…) so that negotiations can begin with the respective partners. It makes sense to me for the EU to concentrate its free trade initiatives on the Asian area first. This is an important growth region of the world economy with vast potential for the future (…) In the case of Korea, it is essential that we eliminate the many existing non-tariff trade barriers which Korea has in place. In this area, our companies often encounter massive difficulties” (Würmeling 2007).

The new EU market access strategy was to be adopted under the German Council presidency. The aim of this strategy was to update the 1996 market access strategy (COM 2007) and to improve market access for European companies in third markets “in order to effectively target and dismantle specific trade barriers” (Federal Ministry of Economics and Technology 2007b: 16), especially NTBs. BMWi Minister Glos, expressed the benefits of this strategy, in particular for German business

“the new market access strategy above all takes account of the needs of small and midsize enterprises. More transparency and simpler procedures will be a particular help for our export business, which is strongly characterized by small and midsize firms” (Federal Ministry for Economic Affairs and Energy 2007b).

At the informal meeting of EU trade ministers on 11 February 2007 in Brussels, chaired by BMWi Minister Michael Glos, all EU member states welcomed the resumption of DDR negotiations and argued for an ambitious and balanced outcome of all areas of negotiations. Regardless of the planned EU free trade agreement with India, ASEAN and South Korea, he
nevertheless stressed the continuing priority of the Doha Round (Deutscher Bundestag 2007a: 2).

The Council, chaired by Germany, discussed and ultimately adopted the negotiating mandate for Korea (as part of a larger package including India and ASEAN) thereby wholeheartedly supported the opening negotiations on new FTAs. In February 2007, BMWi Minister Glos welcomed

“the support of all delegations for the adoption as soon as possible of the mandates and thus for firing the starting shot for concrete negotiations. The agreements aim at easier market access for our companies. Alongside tariff reductions, there is special emphasis on the elimination of non-tariff barriers” (Federal Ministry for Economic Affairs and Energy 2007a).

When the German EU Presidency was nearly over, a review of the trade policies pursued by the government were explained by Claudia Dörr, Director General for European Policy in the BMWi, in a speech to the INTA.

“Opening markets and strengthening external competitiveness are decisive preconditions for economic growth and employment. Against this background, the German Presidency’s key trade policy issues have been absolutely clear: The trade talks of the Doha Round were and still are a matter of absolute priority. But: “Doha first” does not mean “Doha only”. Opening markets through bilateral and biregional free trade agreements was and still is important from improving the access opportunities of enterprises to third markets. (…). Numerous countries such as the USA (…) have tried to obtain competitive advantages through bilateral or biregional free trade agreements in the meantime. (…). This makes it necessary for us to take responsibility for economic competitiveness and to respond to this development in an appropriate manner. We could not and were not prepared to accept disadvantages for enterprises in international trade (…). The fact that the EU’s free trade area initiatives have initially focussed on Asia in particular is reasonable [because] it represents important growth areas of the world economy with great potential in the future. (…). In our negotiations with Korea, we must succeed in eliminating the existing numerous non-tariff barriers to trade. There, our business often face severe difficulties. We would therefore welcome it if in the further negotiations our Korean partners already took first steps by reducing the severest of such barriers by way of confidence-building measures. This would be an unambiguous signal that Korea is ready for comprehensive liberalisation and economic cooperation (Dörr 2007).

The German Presidency of the G8

As mentioned earlier, the German EU Presidency coincided with Germany’s Presidency of the G8 (6-8 June 2007). Under the leitmotif ‘Growth and Responsibility’, Germany tried to “utilise the synergy effects that are arising from the double presidency of the EU/G8”
(Würmeling 2007). This was in line with a speech given by Chancellor Merkel where she stated that

“many themes are important to both organizations, and so our concurrent Presidencies give us the opportunity to generate synergies” (Merkel 2007a).

In her opening speech at the World Economic Forum in January 2007, Chancellor Merkel spoke as the EU Council Presidency and G8 Presidency, and stressed the linkage between global growth and open markets

“We deliberately gave our G8 Presidency the motto of “Growth and Responsibility”. Growth remains for all countries the basic prerequisite for achieving more employment, higher living standards and greater resource productivity. (…). I am convinced that the sine qua non for global growth are open world markets” (Merkel 2007a).

She stressed the importance of successfully concluding the DDR and added that bilateral trade agreements are not

“intended to be contrary to, but rather to supplement and support, the multilateral approach” (Merkel 2007a).

By setting a clear focus on the changing developments of the world economy, the German G8 Presidency called for a liberal and open global economic system while simultaneously acknowledging that this system should be shaped in a fair manner (G8 Agenda 2007: 2). The German Presidency paid particular attention to several issues of importance to the global economy,\(^\text{171}\) one of which was international trade and the importance of open markets in achieving

“an ambitious, balanced and comprehensive agreement on the Doha Development Agenda (DDA), which will enhance worldwide trade among and between developed and developing countries and reinforce multilateral trade rules” (G8 Chair’s Summary 2007: 3).

In June 2007 at the Heiligendamm summit, at the initiative of Chancellor Merkel, the leaders of the G8 adopted a declaration on trade, in which all WTO members called for further flexibility and to bring the negotiations rapidly to a successful conclusion.

“We pledge to work with a high level of ambition in all areas of the DDA and call on all WTO members to demonstrate constructive flexibility to bring these negotiations to a prompt successful conclusion. The time has come to translate the continued commitment on political level into tangible results” (G8 Trade Declaration 2007).

\(^{171}\) Such as global imbalances, innovation, investment, hedge funds and climate protection (G8 Agenda 2007).
In September 2007, Foreign Minister Steinmeier held an opening speech at the Business Forum of the Ambassadors’ Conference, where he stated the government’s concern of rising protectionism.

“There are two ways to meet the Asian challenge. The way of fearful foreclosure and the way of courageous renewal. I note with some concern that, in view of the Asian economic growth, increased calls for a new protectionism are becoming louder. Words such as “economic war” and “defensive battle” make the rounds. And our previous policy is being viewed as naive. I think this is a very dangerous trend. We are an exporting nation and live from open markets and free exchange. Every fifth job in Germany now depends on foreign trade. We would be the first to pay the price for protectionism” (Auswärtiges Amt 2007).

In October 2007, BMWi Minister Glos had travelled to Korea within the framework of a German trade delegation in order to represent German business interests and to promote the EU-Korea FTA (Bundesministerium für Wirtschaft und Energie 2007a). At the opening speech of the 11th Asia-Pacific Conference of German Business he stated

“In this region, Korea belongs to the guarantors of dynamic development at a high level! Korea has made an unprecedented comeback and is, after China and Japan, the third most important market for German goods in Asia. Those who come here now, experience a dynamic economy. (…). China, Japan and Korea are the engines of growth in East Asia. These countries need free trade, just like us. This is why FTAs are so important. In East Asia, 16 bilateral free trade agreements have been signed, 22 are under negotiation and another 12 in the planning phase. At my instigation under the German EU Presidency, mandates were adopted for negotiations on free trade agreements between the EU and Korea, India and the ASEAN countries. Meanwhile, the European Commission started the negotiations with all partners. That does not mean that we have given up our preference for multilateral trade rules. We want Doha to become a success. We share this preference for example with India and Korea. Multilateral trade liberalisation remains a priority for us. However, through decisive action at the EU level, at the same time it is necessary to avert disadvantages for the German economy in the region. Therefore, we need bilateral agreements as a sort of makeshift” (Bundesministerium für Wirtschaft und Energie 2007b).

In 2008, at the BGA Entrepreneurs Day, Chancellor Merkel stressed in her speech her preference for the WTO in dealing with trade agreements

I think the question (…) of the BGA of how fair trade can be created, is of utmost importance. We are working to ensure that we bring the Doha Round to an end. This is extremely important. Nevertheless, I still believe that the WTO and the multilateral trading system, and not various bilateral trade agreements, are the right answers to global economic integration (Bulletin der Bundesregierung 2008a: 13).
In 2008 and 2009, a successful conclusion of the DDR remained a priority objective of the German government. In its 2008 ‘Annual Economic Report’, the government stated that in the context of the financial crisis and hence, in an increasingly difficult global economic environment, the improvement of the WTO as a global regulatory framework was of great significance. At the same time however, although the EU was confronted increasingly with a dense network of bilateral FTAs, it was important that Germany remained open and attractive as a location for foreign investors. Hence, the German government remained supportive of the EU in seeking bilateral agreements with emerging markets, in particular in Asia, where markets offered growth potential and which were previously difficult to access because of high trade barriers (Bundesministerium für Wirtschaft und Technologie 2008: 48). Key elements of the government’s foreign trade policy therefore were; (1) to press for success of the DDR, and (2) to open market access opportunities for German companies by the targeted expansion of bilateral economic relations with emerging markets (Bundesministerium für Wirtschaft und Technologie 2009: 58). Through extensive market opening these FTAs would (1) provide improved sales opportunities for European and German exporters, (2) restore the level playing with European competitors, and (3) consumers would benefit from cheaper imports (Bundesministerium für Wirtschaft und Technologie 2008: 106; 2009: 58).

Regarding the government’s response to a 2008 minor interpellation of members of the German parliament, the government stated that it approved of bilateral FTAs as it aimed to first of all improve access of German companies to the markets of negotiation partners. Due to the fact that there was no progress on negotiation issues on the multilateral level, bilateral FTA negotiations were therefore viewed to contribute towards strengthening the multilateral trading system (Deutscher Bundestag 2008: 2). Regarding the FTAs with Asian emerging markets, the government stated that it was pursuing the goal of new market access, a gradual complete abolition of duties and application of binding rules on regulatory transparency which was to involve reciprocal equivalent concessions, where the elimination/reduction of NTBs were to play an essential part (Deutscher Bundestag 2008: 2).

The goal of the German government in the EU-Korea FTA was the complete, gradual reduction of TBs after a transition period of up to seven years for substantially all trade. Also, the elimination/reduction of NTBs was a priority because market access in Korea was greatly hindered. The German government also believed that goal of the negotiations was to be the reciprocal improvement of market access and to restore fair competitive conditions for
German business. The reciprocal opening of markets was to make an important contribution to reducing distortions and imbalances in the Korean market. A deepening of commercial trade relations with Korea was viewed mutually beneficial for both German business and consumers (Deutscher Bundestag 2008: 4). Hence, during EU-Korea FTA negotiations, the BMWi attached particular significance to

“speedy customs clearance for mechanical engineering and chemicals, the defensive interests of the automotive industry, and close links between customs clearance and the reduction of sectoral NTBs” (BDI 2008b: 1).

Regarding the planned free trade agreement with Korea, Minister zu Guttenberg underlined the government’s basic support for an ambitious agreement with a balanced result, also for the automotive sector. For one, the government supported the demands of the automobile industry with regard to the so-called duty drawback (Bonse and Rinke 2009).

“I welcome the progress made so far. An agreement with Korea would lead to a substantial improvement in market access for German and European companies in Korea. However, for a deal with Korea, a balanced result must also be found for the automotive sector. A complete reduction of non-tariff barriers to trade in Korea, which are currently hindering market access to the automotive industry, is urgently needed. In addition, in the context of the global economic crisis, an appropriate transitional period must be found for the automotive industry to adapt to the tariff reduction so that it can adapt to the new competitive situation. There is still need for improvement” (BMWi 2009).

On the one hand, the German government was in favour of the EU-Korea FTA as it was to bring benefits for many domestic sectors. On the other hand though, it was aware of the concerns of the automobile industry and made efforts to improve the trade agreement, mainly due to the intensive lobbying of the German automobile industry. In Spring 2009, the German government’s trade position switched more in favour of the agreement as it gave more preference to those economic sectors in favour of the agreement (Elsig and Dupont 2012: 501; Ennis 2009). Although the government did also fear that an increase in imports from Korea would harm the automobile sector, overall however, the agreement would improve overall export opportunities and a significant profit was expected for the automobile industry due to the comprehensive dismantling of NTBs. The EU-Korea FTA was the first agreement in which consensus has been reached on a comprehensive dismantling of NTBs, and the agreement was therefore expected to improve the export opportunities for German companies particularly in the mechanical engineering, chemical and pharmaceutical and electrical engineering sectors (Interview BMWi). The agreement between the EU and Korea was
viewed by the German government as a chance for new impulses for the stalled DDR (Bonse 2009b).

The coalition agreement of the CDU, CSU and SPD only referred to social standards in a minor context by stating that

“International labour and social standards, such as ILO core labour standards, should be adequately addressed” (Koalitionsvertrag 2005: 25).

The German government strongly supported the inclusion of the protection of ILO core labour standards in the new bilateral FTAs and was committed to ensure that future bilateral FTAs include such appropriate standards, mainly because

“the mandate for the negotiations with the Asian emerging markets has a clear objective regarding the implementation of standards of the International Labour Organisation (ILO standards) within these agreements. This is supported by the federal government” (Deutscher Bundestag 2007c: 5).

At the G8 summit in Heiligendamm in May 2007, the German government included the importance of labour standards into the final declaration.

“While stressing that labour standards should not be used for protectionist purposes, we invite the WTO members and interested international organizations, in close collaboration with the ILO, to promote the observance of internationally recognized core labour standards as reflected in the ILO declaration on Fundamental Principles and Rights and its follow-up. We also commit to promoting decent work and respect for the fundamental principles in the ILO Declaration in bilateral trade agreements and multilateral fora” (G8 summit declaration 2007).

This declaration calls on all WTO members to promote the implementation of internationally recognised labour standards, in close cooperation with the ILO and it appoints them to include these in bilateral trade agreements. During the negotiation of a new generation of bilateral free trade agreements, as announced in the Communication from the European Commission “Europe: Competing in a global world”, the EU and the federal government call for negotiation partners to ratify and comply with the conventions of the International Labour Organization (ILO).

Chancellor Merkel stated at the DGB congress that in order to remain competitive, minimum standards are to be discussed and that such standards need to be established (Bulletin der Bundesregierung 2007b: 2). She stated that without minimum standards and global fair conditions conducting fair trade on a competitive basis is impossible;
“Someone who destroys his environment with impudent production, who exploits the labour of children or creates totally unacceptable working conditions, who does not respect intellectual property but simply gets away with pirated copies of patents, [this someone] contributes towards the fact that free trade will not be accepted in our countries. Our task is therefore: we need minimum standards in many areas. I will campaign for this wherever I am. This has nothing to do with a “world government” but rather with the fact that otherwise competition cannot reasonably take place” (Bulletin der Bundesregierung 2008b).

2.4 Testing H1 and Determining Governmental Responsiveness Correlations
This part of the study does not seek to provide a direct causal relationship between independent and dependent variables. Rather, the purpose here is to examine the interactions between discourses, namely between societal actors, on the one hand, national interests groups (umbrella /sectoral associatins) and trade union and of the German government, on the other and, whether the latter has been responsive to the former and under which conditions. The evidence which follows from the analysis conducted above supports the following conclusions. First, it shows strong support for H1, with domestic interests directly affected by EU-Korea FTA trade issues dominating the domestic preference formation. Second, the analysis suggests a high degree of government responsiveness to domestic interests. This subsection of the multi-step analysis will recall on all steps previously highlighted and will then test hypothesis H1 and determine the degree of governmental responsiveness to domestic interests. In order of doing so, it is necessary here to recall the specific H1, which states that when distinct German economic sectors are directly affected and changes in economic conditions are to be expected due to specific EU-Korea FTA trade issues, then these domestic interests will prevail in shaping the German governmental trade position because distributional concerns will dominate domestic preference formation and the lobbying of potential sectoral winners and losers, in favour or against trade liberalisation, will be intense.

In order to set the scene and to narrow down which German domestic interests were most likely to appear within the context of the EU-Korea FTA negotiations, Step 1 highlighted Germany’s role in the global economy and illustrated the German-Korean trade relations, in which the manufacturing sector, in particular the German mechanical engineering, chemicals and automobile industry played a big role. Based on this information, it was illustrated that Germany’s manufacturing industry was of great significance to its own economy, with large
export sectors like mechanical engineering, chemicals and the automobile playing an extensive role in domestic growth and employment. In the same step, with help of the Prognos study, the distributional consequences of the EU-Korea FTA were analysed. This was mainly done by looking at each sector and the impact of the elimination of TBs and/or NTBS on these sectors by trade liberalisation, i.e. the EU-Korea FTA.

Based on this information, by knowing those sectors directly affected by trade liberalisation, it was assumed which domestic economic sectors were prone to lobby and be the most vocal towards the German government in favour of trade liberalisation. In step 2 of the multi-step analysis, these sectors were then identified by analysing national federations and sectoral associations. Statements, position papers, press release etc. were taken from the APA, BDI, BDA, BGA, DIHK and the DGB representing the national federations, whereas the VDA, VDMA and the VCI encompassed the sectoral associations. Without repeating every single statement here, it can be said that six interest groups (APA, BDA, BGA, DIHK, VDMA and VCI) were absolutely in favour of the EU-Korea FTA. Two interest groups (DGB and VDA) were divided on this issue and were voicing calls for improvement of the agreement. This is evident from the examples of interest group, trade union and government commentary from Box 9.

It should be noted here, that the BDI did not publish a specific position paper on the EU-Korea FTA, and is hence its statement featured in Box 9 expresses its views towards bilateral FTAs in general. Not having a statement on the EU-Korea FTA proves evidence for the fact that the BDI was faced with an ambivalence, trying to represent both offensive (VDMA and VCI) and defensive (VDA) interests and with its Vice-President also being the President of the automobile industry, the BDI did not have a clear position to the EU-Korea FTA, and thereby projected a view of not to be fully supportive of the agreement.

### Box 9. Governmental Responsiveness

<table>
<thead>
<tr>
<th>Interest Group Statements</th>
<th>Government Statements</th>
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<tbody>
<tr>
<td><strong>APA:</strong> &quot;German companies are threatened by competitive disadvantages. The APA therefore welcomes the European Council decision of April 2007 to commence negotiations with South Korea (...) APA&quot; (APA 2008: 6).</td>
<td><strong>BMWi Minister Glos:</strong> &quot;It is necessary to avert disadvantages for the German economy in the region. Therefore, we need bilateral agreements as sort of makeshift&quot; (Bundesministerium für Wirtschaft und Energie 2007b).</td>
</tr>
<tr>
<td><strong>BDI:</strong> &quot;Improved market access for industrial goods must remain a key objective. The bilateral</td>
<td><strong>BMWi:</strong> In the EU-Korea FTA, the BMWi attaches particular significance to &quot;speedy customs</td>
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negotiations should be result-driven and take place in close coordination with industry. Also on the bilateral level is an effective improvement of market access conditions crucial” (BDI 2007: 22).

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<tr>
<th>BDA:</th>
<th>“Core aim of any FTA negotiations should be the WTO-plus standards. These include complete tariff elimination on all industrial goods, complete elimination of NTBs. (...) Based on close dialogue between industry and (...) the federal government it is to ensure that German interests are adequately considered” (BDI/BDA 2009b: 85)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Claudia Dörr, BMWi:</td>
<td>“In our negotiations with Korea, we must succeed in eliminating the existing numerous non-tariff barriers to trade. There, our business often face severe difficulties. We would therefore welcome it if in the further negotiations our Korean partners already took first steps by reducing the severest of such barriers” (Dörr 2007).</td>
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<tr>
<th>BGA:</th>
<th>“German trade strongly supports the EU Commission’s new trade strategy. (...) Isolation and protectionism (...) can neither permanently save jobs nor even create new ones” (BGA 2006b).</th>
</tr>
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<tbody>
<tr>
<td>Foreign Minister Steinmeier:</td>
<td>“We are an exporting nation and live from open markets and free exchange. Every fifth job in Germany now depends on foreign trade. We would be the first to pay the price for protectionism” (Auswärtiges Amt 2007).</td>
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<tr>
<th>DIHK:</th>
<th>“The overall benefits of the FTA predominate for most economic sectors, and clearly partial disadvantages could be largely mitigated in the intensive renegotiations over longer transitional periods” (BAWM 2009: 65).</th>
</tr>
</thead>
<tbody>
<tr>
<td>DGB:</td>
<td>“The DGB demands from the German government that fundamental workers’ and human rights are integrated in WTO agreements and their compliance is monitored under the leadership of the ILO” (DGB 2006b).</td>
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<th>DGB:</th>
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</tr>
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<tbody>
<tr>
<td>Chancellor Angela Merkel:</td>
<td>“We are faced with the question: ‘To what extent do we need international agreements that define certain minimum standards?’ I am personally of the opinion that globalisation will not work if there is not a minimum of a common set of values between the countries of this earth. I would like to take this opportunity to thank the ILO, who has repeatedly put these topics on the agenda. We need international institutions, like the ILO” (Merkel 2006).</td>
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<tr>
<th>BMWi:</th>
<th>“A balanced result must also be found for the automotive sector. A complete reduction of non-tariff barriers to trade in Korea, which are currently hindering market access to the automotive industry, is urgently needed. (...) There is still need for improvement” (BMW 2009).</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMWi Minister zu Guttenberg:</td>
<td>“Doha first” does not mean Doha alone. Opening markets through bi-lateral and bi-regional free trade agreements is also very important. This way we can improve the market access possibilities for companies. The German Council Presidency’s objective is to achieve an agreement on the mandates in March, in order to be able to start negotiations (...) as soon as possible” (Glos 2007a)</td>
</tr>
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<tr>
<th>VDMA:</th>
<th>“The immediate start of the [EU-Korea FTA] negotiations as otherwise member companies would lose market shares if a FTA is not concluded and due to the US-Korea FTA already having concluded negotiations” (VDMA 2007: 2).</th>
</tr>
</thead>
<tbody>
<tr>
<td>BMWi:</td>
<td>“A vital perquisite for a possible free trade convention is a broad opening of the partner country’s market in accordance with the regulations which, in particular, include non-tariff barriers and which compensates future and current competition disadvantages (...) In</td>
</tr>
</tbody>
</table>
Box 9 provides evidence that government commentary concerned with domestic interests corresponds closely to interest group and trade union commentary. This concludes that (1) there is strong support for H1, with domestic interests directly affected by EU-Korea FTA trade issues dominating the domestic preference formation and, (2) it indicates a high degree of government responsiveness to domestic interests.

This result is also true also for the general commentary on applying bilateral FTAs and the shift from a multilateral approach to the Global Europe trade strategy. All societal actors, interest groups, trade union and government were in favour of this, although to a different degree. Most of the interest groups were highly in favour of this (CBI and IFS) from the very beginning whereas others (BGA and TUC) were slightly wary of this new trade agenda. The TUC was not against bilateral FTAs but insisted on the inclusion of social and environmental standards. In sum though, this information has provided evidence that the German government is in close consultation with a very broad audience of different types of societal actors and aims to represent the wide-ranging trade positions of these actors. This is in line with the corporatist system and the government-society relations, in this case the consensus-based decision making where the government serves as an intermediator as it aims to include all (competing) societal groups during domestic preference formation. The role of ideas and whether the government is responsive to this domestic variable will be analysed in the next section.
3. Multi-Step Analysis – Domestic Ideas

The multi-step analysis begins with specifying the independent variable identified and defined in the theoretical framework chapter to the context of Germany. This means focus here is first on determining which domestic ideas are most likely to appear within the context of this country during the EU-Korea FTA negotiations. In order to do so, it is necessary here to recall the definition of this independent variable as stated in the theoretical framework chapter and insert it into the context of Germany and the EU-Korea FTA negotiations.

Domestic ideas are delineated here as coherent collective shared expectations of German voters and NGOs about acceptable governmental positions and of how politics should steer the economy. These expectations are rooted in the past and cannot alter immediately in response to changed economic conditions imposed on these domestic actors by the EU-Korea trade agreement.

It should equally be recalled here that domestic ideas are theoretically divided into two types: process ideas and content ideas, with the former relating to the political process and the latter to the political content. Inserted into the context of this case study, this means that process ideas are delineated here as dominant expectations about the conduct of German government’s political decision making, whereas content ideas are characterised as dominant expectations of the German government’s primary task in trade policy.

For the first step of this analysis, competing types of process ideas will be traced. As mentioned previously, the opposing process ideas here are equal to those applied by the societal approach (Schirm 2009: 505); consensus-based decision making versus majoritarian (competitive) oriented decision making. In this section however, reference can only be made to the former process idea as this applies to the consensus-based decision making process in Germany. In the Great Britain case study, reference will be made to the majoritarian (competitive) oriented decision making and results of the German and British case study will be compared in the Conclusion. Indicating which domestic ideas are relevant for the re-election of a government depends on two aspects; commonality and specificity (Schirm 2009: 504). In line with the societal approach, the former can be divided into a high, moderate and low degree of commonality which refers to whether a societal idea is shared by a large, a majority or minority of number of citizens. Specificity refers to whether a societal idea’s meaning is precise and can account for appropriate behaviour. Relevant domestic ideas should
thus indicate both commonality and specificity in order to shape governmental trade positions. If this is not the case, additional empirical data will be used to account for either commonality, specificity or, if necessary, both.

Recalling here, Germany favours the “institutionalized inclusion” (Schirm 2004: 13) of all relevant societal groups, where the German government serves as an intermediator (Eising 2009: 33), which seeks to apply ‘integrative’ decision making and aims to include all conflicting societal groups during policy formulation. It thus seeks to shape consensus in order to adequately accommodate public and private actors (Schirm 2009: 509). These process ideas are expressed institutionally in this form of market economy, which can be used as an indicator. Also attitudes towards a democratic system can be used here as an indicator in order to find out how supportive these attitudes are of this system and whether voters feel they are included in the opportunity to participate in the political process. Regarding the way political decision making should be conducted and the involvement of societal groups’ participation, societal attitudes towards the concepts ‘democracy’, ‘solidarity’, ‘welfare state’ and ‘market economy’ are thus of significance. Opposing process ideas identified here are ‘leadership’ versus ‘inclusive decision making’, ‘collective solidarity’ versus ‘individual responsibility’, ‘strong government responsibility’ versus ‘weak government responsibility’, and ‘trust in market forces’ versus ‘trust in governmental regulation’. According to these specific process ideas concerned, these indicators were collected mainly by focusing on a combination of data from the fifth wave of the WVS (2005 - 2009), the Standard Eurobarometer of both 2007 and 2009, the 2006 International Social Survey Programme (ISSP), the Pew Global Attitudes Projects (GAP) of 2007 and 2009 and the BBC/Globescan/PIPA polls of 2006, 2008 and 2009.

First of all, beginning with the concept ‘democracy’, process ideas can be illustrated with reference to the question of whether a democratic system is supported and thus societal actors’ possibility in expressing their opinion and their opportunities in potentially shaping decision making. Examples of opposing process ideas can emphasise, for example, the indicators ‘leadership’ versus ‘inclusive decision making’.
Table 24. Process Ideas - Democracy

<table>
<thead>
<tr>
<th>Survey questions</th>
<th>Germany (%)</th>
</tr>
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<tbody>
<tr>
<td>Having a strong leader (V. 148)</td>
<td>15.5</td>
</tr>
<tr>
<td>Importance of democracy (V. 162)</td>
<td>95.4</td>
</tr>
<tr>
<td>Having a democratic political system (V. 151)</td>
<td>92.4</td>
</tr>
<tr>
<td>Democraticness in own country (V. 163)</td>
<td>70.1</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.

Table 24 illustrates that in Germany, only 15.5 per cent respondents think it is good (‘very good’/‘fairly good’) ‘to have a strong leader’ governing its country, whereas 95.4 per cent of respondents think it is ‘absolutely important’ to live in a country which is governed democratically. In fact, 92.4 per cent of Germans support ‘having a democratic political system’ (‘very good’/‘fairly good’) and a substantial majority of Germans believe that their country is democratically governed (70.1 %). The latter ‘democraticness in own country’ is backed up by the results of the Eurobarometer public opinion poll (2009a) where in both 2007 and in 2009, 66 per cent and 68 per cent of respondents were satisfied (‘very satisfied’/‘fairly satisfied’) with how its country was governed.

Table 25. Democracy versus Strong Leader (%)

<table>
<thead>
<tr>
<th>Some feel that we should rely on a democratic form of government to solve our country’s problems. Others feel that we should rely on a leader with a strong hand to solve our country’s problems. Which comes closer to your opinion?</th>
<th>Democratic form of government</th>
<th>Strong leader</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>79</td>
<td>19</td>
</tr>
</tbody>
</table>

Source: Pew GAP 2009 (Q35).

This, in turn, is equally backed by results from the Pew public opinion poll (Table 25). Democracy versus Strong Leader) which asks respondents whether they prefer a democratic form of government or a strong leader to solve the country’s problems. More German respondents are in favour of a democratic form of government, instead of having a strong leader (79 % versus 19%). It is important to note here that these specific opposing process ideas ‘leadership’ versus ‘inclusive decision making’ are in so far relevant for the re-election of a government because they possess high commonality (they shared by a large number of respondents) and specificity (their meaning is precise).

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172 On scale points of 1-10, with point 1 being ‘absolutely important’.
174 On scale points of 1-10, this percentage encompasses scale points 6-10 ‘absolutely important’.
175 On scale points of 1-10, this percentage encompasses scale points 6-10 ‘completely democratic’.
German public support for democracy is thus high which is further illustrated by the representative data in Table 24. When asked specific about essential characteristics of democracy, German respondents find that electoral provisions and civil rights matter the most. Regarding electoral provisions, German respondents answer that ‘people choose their leaders in free elections’ is the most ‘essential characteristic of democracy’ (71.2%). Also, 51.8 per cent of respondents reply that ‘people can change laws in referendums’ as an essential characteristic. Although both characteristics receive a different degree of support (high and moderate degree of commonality), both of these characteristics are in line with Germany’s consensus-based decision making process and the inclusion of all societal groups in this process. Respondents thus think it is of great significance to be able to express their opinion in elections by choosing prospective leaders governing the country, whereas they moderately support the possibility to have the opportunity in potentially shaping decision making through referendums. This is underlined by results from a survey question of the 2009 Pew GAP poll where respondents were asked whether they agree with the statement that ‘voting gives people like me some say about how the government runs things’. A slight majority of 55 per cent of German respondents endorsed this statement (‘completely agree’/‘mostly agree’).

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Germany (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>People choose their leaders in free elections (V. 154)</td>
<td>71.2</td>
</tr>
<tr>
<td>Civil rights protect people’s liberty against oppression (V. 157)</td>
<td>58.3</td>
</tr>
<tr>
<td>People can change laws in referendums (V. 160)</td>
<td>51.8</td>
</tr>
<tr>
<td>People receive state aid for unemployment (V. 155)</td>
<td>35.8</td>
</tr>
<tr>
<td>Governments tax the rich and subsidize the poor (V. 152)</td>
<td>26.5</td>
</tr>
<tr>
<td>The economy is prospering (V. 158)</td>
<td>25.6</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.

As illustrated in Table 26, another salient issue for German respondents is the promotion of civil rights, perceived by 58.3 per cent of respondents to be an ‘essential characteristic of democracy’. When a population is in favour of consensual decision-making, then these should have trust in civil society actors and involvement of civil society actors in the decision-making process.


making process should be advocated. Civil society actors selected here are NGOs whose orientations are usually focused on societal or democratic goals. Environmental and human rights movements are selected from the WVS survey because first of all, they both have these goals and the respondents are asked specific questions regarding their confidence in these organisations. Table 27 highlights the indicators ‘confidence in environmental organisations’ and ‘confidence in charitable and humanitarian organisations’. German respondents have confidence (‘a great deal/quite a lot’) in both charitable and humanitarian organisations and environmental organisations, although the results are slightly higher for the former (59.8 %), than for the latter (55.0 %), corresponding to a moderate commonality.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Germany (%)</th>
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<tbody>
<tr>
<td>Confidence in environmental organisations (V. 143)</td>
<td>55.0</td>
</tr>
<tr>
<td>Confidence in charitable and humanitarian organisations (V. 145)</td>
<td>59.8</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.

The other ‘essential characteristics of democracy’ in Table 25 are ‘people receive state aid for unemployment’ (35.8 %), ‘governments should tax the rich and subsidise the poor’ (26.5 %), and lastly, ‘the economy is prospering’ (25.6 %). These characteristics primarily focus on social welfare and wealth distribution and although they all receive a lower commonality, the former two will now be connected to the opposing ideas ‘collective solidarity’ versus ‘individual responsibility’, whereas the latter will be applied to the opposing ideas ‘trust in market forces’ versus ‘trust in governmental regulation’ later on in this section.

With regard to expectations about the conduct of German government’s political decision making and the inclusion of all relevant societal groups, the concept of ‘solidarity’ should be looked at. When asked about the general concept of solidarity, 92 per cent of respondents have an extreme positive association with this in the market economy (Eurobarometer 2009c). Asked about significant values which society should ‘emphasise in order to face major global challenges’, German respondents select ‘social equality and solidarity’ (48 %) and the free market economy (39 %) as the most important values to emphasise.

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178 Could you tell me how much confidence you have in...environmental organisations/charitable and humanitarian organisations?
180 QD1.1 4 Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative? Solidarity – 92 per cent ‘positive/fairly positive’.
Now turning to the ideas ‘collective solidarity’ versus ‘individual responsibility’, the former can be understood as the positive reciprocal relationship between people (both individuals and/or groups) impelling supportive behaviour, i.e. the willingness to give and/or receive help or support one another, which primarily leads to social inclusion. In contrast, ‘individual responsibility’ does not focus on collective action but primarily on individual action and responsibility. Data from the WVS can be used to elaborate more on these ideas. Germans attach a great role of the government in taking responsibility to ensure that everyone is provided for, which supports both process ideas ‘inclusive decision making’ and ‘collective solidarity’. Table 28 (Process Ideas – Collective Solidarity/Individual Responsibility) shows that German respondents believe that incomes should be made more equal (63.6 % versus 32.1 % which find that larger income differences are necessary). This is backed by data from a 2009 BBC/Globescan/PIPA opinion poll where a large majority (77 %) of respondents find that the government ‘should distribute wealth more evenly’. This indicator equally supports the process ideas ‘strong government responsibility’ and ‘trust in governmental intervention’. Other ‘essential characteristics of democracy’, supporting the idea ‘collective solidarity’, although to a lesser extent, are the indicators ‘people receive state aid for unemployment’ and ‘governments tax the rich and subsidize the poor’. This shows that for all survey questions applied here, the specificity corresponds but the degree of commonality differs. Regarding the aspect of government distribution of incomes, the idea ‘collective solidarity’ receives a moderate commonality, but the survey questions about receiving state aid for the unemployed and taxing the rich and subsidizing the poor, receive a rather low commonality.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Germany (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Incomes should be made more equal (V. 116)</td>
<td>63.6</td>
</tr>
<tr>
<td>People receiving state aid for unemployment (V. 155)</td>
<td>35.8</td>
</tr>
<tr>
<td>Governments tax the rich and subsidize the poor (V. 152)</td>
<td>26.5</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.

QB6 From the following items, which two should our society emphasise in order to face major global challenges?

181 On scale points 1-10, this percentage encompasses scale points 6-10 ‘We need larger income differences’.
182 On scale points 1-10, this percentage encompasses scale points 1-5 ‘Incomes should be made more equal’.
183 This encompasses scale point 10 only ‘an essential characteristic of democracy’.
184 This encompasses scale point 10 only ‘an essential characteristic of democracy’.
Germany is a country in which social protection and the government play dominant roles (Siebert 2005: 1). With regard to the role of the state, it is thus held responsible for providing jobs and living standards for the unemployed, for providing living standards for the elderly, the provision of health care, and for the reduction of income equalities, this being in line with Germany’s features as a social market economy. In the 2007 Pew GAP poll, 92 per cent of German respondents are in favour of the government’s role ‘to take care of very poor people who can’t take care of themselves’, compared to 62 per cent of respondents who stated in the 2009 Pew GAP that the ‘state plays an active role in society so as to guarantee that nobody is in need’. These results are in line with a 2008 World Public Opinion (WPO) poll where 93 per cent, 95 per cent and 93 per cent of German respondents agree respectively with the statements that ‘the German government should be responsible for ensuring that its citizens can meet their basic need for food, health care and education’ (WPO 2008). These general questions on societal attitudes towards state activity in society make it obvious that Germans are highly supportive of an active role of the state, depending although on who benefits from this (the poor in general or everybody). For this reason, another concept ‘welfare state’ is surveyed. This provides information on whether social welfare issues should be a private matter or governmental responsibilities. Thus, based on the interaction between the state and the market, a welfare state is characterised by more or less governmental involvement on the one hand, and people responsibility, on the other hand. The following results highlighted in Table 29 clearly shows that German respondents “also want a market economy which is not simply based on a laissez-faire approach, that is to say a more regulated economy which protects their interests” (Eurobarometer 2009b: 139). This provides empirical evidence for and illustrates support of the above-mentioned ideas ‘collective solidarity’ versus ‘individual responsibility’ and the ideas ‘strong’ versus ‘weak government responsibility’ and ‘trust in market forces’ versus ‘trust in governmental regulation’, to be mentioned below.

German support for the social market economy is high in 2007 (before the financial and economic crisis) and even higher in 2009 (during the financial and economic crisis) as demands for a regulated market are desired with a large majority of respondents being in favour of the welfare state (73 per cent and 83 per cent, respectively) (Eurobarometer 2009c). 187 This is reflected by a common public belief that the government should address societal needs, thereby acting as a “problem solver, for all manner of (…) societal problems”

187 QD1.2 Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative? The result encompasses the answer possibilities ‘very positive/fairly positive’.

254
(Dalton 2010: 4). With regard to the opposing process ideas, ‘strong’ versus ‘weak government responsibility’, Table 29 entails data from the 2006 ISSP where respondents are asked if they think that ‘it should be the government’s responsibility to…’ and then displaying the following issues illustrated in the table below.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Germany (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provide health care for sick</td>
<td>95.5</td>
</tr>
<tr>
<td>Provide living standards for the old</td>
<td>93.4</td>
</tr>
<tr>
<td>Provide living standards for the unemployed</td>
<td>66.7</td>
</tr>
<tr>
<td>Reduce income differences between rich/poor</td>
<td>66.7</td>
</tr>
<tr>
<td>Provide job for everyone</td>
<td>62.5</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on ISSP 2006: Role of Government.

The data clearly shows that there is high support in Germany for the idea ‘strong government responsibility’, as a very high number of respondents (high commonality) agree that the government should be responsible for providing health care for the sick and for the old (95.5 % and 93.4 %, respectively). A comparison of these ideas, all asking for the governments’ responsibility to provide social protection, clearly shows that the public support for state organised welfare also depends on who is going to receive the benefits. Compared to people highly supporting the idea of ‘strong government responsibility’ in terms of social protection for the sick and the old, they are less enthusiastic about this responsibility when it comes to ‘provide living standards for the unemployed’ (66.7 %), to ‘reduce income differences between the rich and the poor’ (66.7 %) and to ‘provide a job for everyone’ (62.5 %). Reaching more than an absolute majority however and thus representing a moderate to high commonality, these results nevertheless illustrate that Germans stress a strong responsibility of the government and have high expectations of the government to intervene in social welfare issues. The majority of respondents thus endorse governmental intervention and this consensus among the public of the desired role of government determines what is regarded by the public as acceptable governmental behaviour. These results however equally show that the idea ‘collective solidarity’ plays a significant role to the German public as all survey questions and their results refer to respondents’ positive perception of a reciprocal relationship between people and the consensus to provide help and support, which ultimately leads to social inclusion.

188 These results encompass the answer possibilities ‘definitely should be’ and ‘probably should be’ responsibility of the government.

Data from the WVS can be used to further trace empirical evidence on these ideas ‘strong’ versus ‘weak government responsibility’. Table 30 shows that more German respondents agree with the statement that the ‘government should take more responsibility to ensure that everyone is provided for’ than with the statement the ‘people should take more responsibility to ensure that everyone is provided for’ (65.2 % versus 32.5 %). Although this is a rather general choice of statements, its degree of commonality does however assume that German respondents do attach a great role to governmental responsibility and overall, Germans favour a strong government involvement to ensure the well-being of its citizens, which also speaks for the process idea ‘trust in governmental intervention’. According to data from the 2008 European Social Survey (ESS) on welfare attitudes in the EU, when asked how far it should be the responsibility of the government to provide a range of social services (similar to those services in Table 26), Germany scored 7.5 on a 0-10 scale (with 10 indicating greater support for government involvement) (Svallfors 2012: 5). Equally, the 2009 Pew GAP provides evidence of Germans supporting an active role of the state with 62 per cent of respondents answering the following question in favour of governmental intervention: ‘what’s more important in German society that everyone be free to pursue their life’s goals without interference from the state, or that the state play an active role in society so as to guarantee that nobody is in need?’ With a large majority being in favour of the latter, 32 per cent is in favour of individual action without state interference. This survey question thus reinforces the process ideas ‘collective solidarity’, ‘strong government responsibility’ and ‘trust in governmental intervention’.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Germany (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Government should take more responsibility (V. 118)</td>
<td>65.2</td>
</tr>
<tr>
<td>People should take more responsibility (V. 118)</td>
<td>32.5</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.  

Now turning to the concept ‘market economy’, viewed as a process driven by either private actors (self-regulation of the markets) or the government (governmental regulation) (Schirm 2009: 509), the following empirical evidence from public opinion surveys illustrates that

\footnote{On scale points 1-10, this percentage encompasses scale points 1-5 ‘The government should take more responsibility’.

\footnote{On scale points of 1-10, this percentage encompasses scale points 6-10 ‘We need larger income differences’.

\footnote{http://www.worldvaluessurvey.org/WVSOnline.jsp (Accessed August 10, 2016).}
results are in line with Germany’s coordinated character of a CME. Thus, regarding the way political decision making should be conducted and the involvement of societal groups’ participation, societal attitudes towards this concept are also of significance. Examples of opposing process ideas can emphasise, for example, the indicators ‘trust in market forces’ versus ‘trust in governmental regulation’.

Both the 2006 and 2008 BBC/GlobeScan/PIPA polls pose survey questions regarding the views towards the free market economy. In 2006 and 2008, German respondents are in support of this with 65 per cent and 62 per cent respectively stating that ‘the free economy is the best system’ (‘strongly agree’/‘somewhat agree’). This is in line with data from the 2007 and 2009 Pew GAP where in both years, 65 per cent of respondents support the statement ‘most people are better off in a free market economy’ (‘completely agree’/‘mostly agree’).

Another question posed in the BBC/GlobeScan/PIPA polls in both years, but more specific with regard to governmental regulation, is whether the free market economy works ‘best in society’s interests when accompanied by strong government regulations’. Again, in 2006, 68 per cent and 62 per cent of respondents in 2008 are in favour of the economic system when this goes along with governmental action (BBC/Globescan/PIPA 2006/2008a). Even more specific, in 2006 this survey asks respondents’ opinion on whether it is necessary to increase governmental regulation for ‘protecting the rights of consumers’, ‘protection the rights of workers’ and ‘protecting the environment’. In this order, there is a consensus among German respondents that increased state action is necessary, with 57 per cent favouring more regulation of protecting consumers, 55 per cent favouring protection of workers and 56 per cent agreeing that the state should do more to protect the environment.

With regard to further societal attitudes towards the role of government in the economy, whether the government should try to steer the economic process, or whether self-regulation of the markets should prevail, data from the ISSP can be applied (Table 31). To measure these attitudes, the survey asks very specific questions whether German respondents are in favour of the government controlling basic market standards, such as wages and prices, but people are also asked what they think about the government actively steering the economy and taking regulating action to protect and create jobs. This data will thus show whether societal attitudes are more in favour of governmental intervention or rather have more in trust in market forces.

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193 Q40c Please tell me whether you completely agree with it, mostly agree with it, mostly disagree with it or completely disagree with it: c. Most people are better off in a free market economy, even though some people are rich and some are poor (Pew GAP 2009 Fall: 130).
Table 31. Process Ideas – Government and Economy, Germany (%)

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Germany (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cuts in government spending</td>
<td>76.6</td>
</tr>
<tr>
<td>Financing projects to create new jobs</td>
<td>65.4</td>
</tr>
<tr>
<td>Less governmental regulation of business</td>
<td>71.5</td>
</tr>
<tr>
<td>Support industry to develop new products and technology</td>
<td>81.9</td>
</tr>
<tr>
<td>Support for declining industries to protect jobs</td>
<td>56.8</td>
</tr>
<tr>
<td>Reduce the working week to create more jobs</td>
<td>37.8</td>
</tr>
<tr>
<td>Keep prices under control</td>
<td>74.5</td>
</tr>
<tr>
<td>Provide industry with the help it needs to grow</td>
<td>58.1</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on ISSP 2006: Role of Government.

A first observation is that there is support for rather indirect governmental actions in the economy enabling industries to help themselves, such as the government providing ‘support for the industry to develop new products and technology’ (81.9 %), ‘financing projects to create new jobs’ (65.4 %), and the government should be responsible in ‘providing industry with the help it needs to grow’ (58.1 %). This support however varies from a high to a moderate commonality. German respondents are however less enthusiastic about direct governmental intervention in the economy, which the following results show. Regarding the survey question if people are in favour of ‘less governmental regulation of business’, 75.1 per cent agree with this statement. Regarding the idea of ‘cuts in government spending’, this is also supported by the majority of respondents (76.6 %). This data thus shows a high to moderate commonality that people are in favour of an active role of government in the economy when it comes to indirect governmental intervention being held responsible for industry growth, assisting in industry’s development of new products and technology and financially supporting projects in order to increase jobs. Equally however, a high commonality also exists with people being in favour of a passive state when it comes to less business regulation and government spending. On the other hand, another direct governmental action in the economy is strongly supported by respondents, most probably because they are directly and personally affected by increasing prices, with 74.5 per cent of respondents agreeing that the government should be responsible ‘to keep prices under control’. Direct governmental intervention in the economy however gains weaker support with 56.8 per cent of respondents being in favour of governmental ‘support for declining industries to protect

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194 These results encompass the answer possibilities ‘strongly in favour’ and ‘in favour’. Possibility answers for the survey questions ‘keep prices under control’ and ‘provide industry with the help it needs to grow’ include ‘definitely should be’ and ‘probably should be’.


196 Author’s emphasis.
jobs’ (56.8%) and 37.8 per cent being in favour of the government to ‘reduce the working week to create more jobs’. Seeing as the former still receives an absolute majority (moderate degree of commonality) with people agreeing that the government should support declining industries in order to secure jobs, the latter assumes that a shorter working week for the individual could result in a decrease of income, and this way to create jobs and to increase collective employment seems not as desirable (low degree of commonality). With regard to this last issue, the process idea ‘individual responsibility’ plays a larger role than the idea ‘collective solidarity’.

Equally a 2009 BBC/Globescan/PIPA public opinion poll asks respondents about their view on free market capitalism. In Germany, very little changed since 2006 (see support for free market economy above) as there is very little support for a different economic system with only 8 per cent of respondents agreeing with the statement ‘is fatally flawed and a different economic system is needed’. Another question posed is whether the economic system ‘has problems that can be addressed through regulation and reform’. A large majority of 75 per cent agree with this statement which thus supports the idea ‘trust in governmental regulation’.

Compared to the above data on governmental intervention, the welfare state and social values, which is highly supported by German respondents, the empirical data here shows some contradiction on governmental intervention, the market economy and economic values.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Germany (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>EB 2007</td>
</tr>
<tr>
<td>Liberalisation</td>
<td>64</td>
</tr>
<tr>
<td>Protectionism</td>
<td>26</td>
</tr>
<tr>
<td>Free competition is the best guarantee for economic prosperity</td>
<td>74</td>
</tr>
<tr>
<td>The state intervenes too much</td>
<td>65</td>
</tr>
</tbody>
</table>

Source: Eurobarometer 2007a, Eurobarometer 2007b and Eurobarometer 2009c.

---

197 For the terms ‘protectionism’ and ‘liberalism’ the following question was asked: Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative? QD1.5 (protectionism), QD1.7 (liberalisation). The results here encompass the answer possibilities ‘very positive/fairly positive’.

198 These results stem from the Eurobarometer 2007a: 56. QA47_8 For each of the following propositions please tell me if you agree?

199 These results stem from the Eurobarometer 2007a: 58. QA47_1 For each of the following propositions please tell me if you agree?
Table 32 illustrates results taken from a 2007 and 2009 Eurobarometer survey question asking German respondents ‘the state intervenes too much’. Results from this survey question back the above-mentioned contradiction as a slight majority of 56 per cent agree, whereas 41 per cent of surveyed people disagree (totally disagree/tend to disagree) with the statement ‘the state intervenes too much’ (Eurobarometer 2009b: 158). What is striking though is that these results taken during the financial and economic crisis are lower compared to those results which stem from a Eurobarometer survey conducted in 2006 (published 2007). In 2006, before the financial and economic crisis, 65 per cent of people agree (totally agree/tend to agree) that ‘the state intervenes too much’, whereas 32 per cent of respondents disagree (totally disagree/tend to disagree) with this statement (Eurobarometer 2007a).200 In 2009, less people thus find that ‘the state intervenes too much’ compared to those asked in 2006.

A slight majority of Germans prefer a non-interventionist free market approach and a larger majority support the view that free competition is the best guarantee for economic prosperity. Also notable, referring to Table 32, is that the crisis has also not reinforced protectionist tendencies: on the contrary, the proportion of respondents for whom the term ‘protectionism’ has positive connotations has only risen by one per cent since 2007, whereas positive connotations for the word ‘liberalisation’ had increased by six per cent. When asked specifically asked about ‘free competition is the best guarantee for economic prosperity’, it becomes clear that a large majority of respondents (77 %) accept free competition as a driver of economic growth. The terms ‘protectionism’ and ‘liberalisation’ receive a high commonality, they are however not elaborated upon and are not put into a specific context or policy. These indicators can nevertheless be visualised more by using further data from the 2007 and 2009 Eurobarometer public opinion polls and the 2006 BBC/Globescan/PIPA poll. Whereas the former poll asks whether the following general terms, ‘company’, ‘competition’ and ‘competitiveness’ bring positive or negative connotations to respondents’ minds (Eurobarometer 2009b: 125), the latter asks specific questions with regard to their confidence in large and foreign companies.

It should be noted here in the 2007 and 2009 Eurobarometer polling, that these survey questions Table 33 are asked both before and during the financial and economic crisis, which provides a clear comparison of societal attitudes across these years. The results in Table 33 illustrate that the financial and economic crisis, during which the EU-Korea FTA agreement

200 Fieldwork was conducted in September-October 2006, the Eurobarometer was published in 2007.
was negotiated, did not have a negative impact on German confidence in the market economy as there was a broad support for the three free market principles, with the general terms ‘company’ and ‘competitiveness’ having received higher results (very positive/positive) than before the start of the financial and economic crisis.

<table>
<thead>
<tr>
<th>Table 33. Process Ideas – Market Economy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Survey Questions201</td>
</tr>
<tr>
<td>Germany (%)</td>
</tr>
<tr>
<td>EB 2007</td>
</tr>
<tr>
<td>Company</td>
</tr>
<tr>
<td>Competition</td>
</tr>
<tr>
<td>Competitiveness</td>
</tr>
<tr>
<td>Source: Eurobarometer 2007a, 2007b and 2009c.</td>
</tr>
</tbody>
</table>

Empirical evidence from the WVS survey backs this with a high commonality, a large majority percentage of German respondents state that they find that ‘competition is good’ (79.7 %).202

However, although Germans are in favour of free markets, they seem to be more concerned about certain aspects of the free market economy when more specific questions are asked, as is done for example in the 2006 BBC/Globescan/PIPA survey. Here asks the respondents are asked whether they have confidence in ‘large German companies’ and ‘global companies’ operating in Germany to operate in the best interest of our society’. Germans do not have confidence both in large domestic companies (64 % versus 35 %) or global companies operating locally (62 % versus 36 %) (‘not much trust’/’no trust at all versus ‘a lot of trust’/’some trust’). Also, the 2007 Pew poll illustrates that Germans have an increasing sceptical view of foreign companies than five years ago with 47 per cent of respondents in favour (57 % in 2002) and 48 per cent opposing (39 % in 2002) the statement that ‘the influence of large companies from other countries’ has a positive impact on its own country (‘very good’/ ‘somewhat good’).203

201 For these terms the following question was asked: Could you please tell me for each of the following, whether the term brings to mind something very positive, fairly positive, fairly negative or very negative? QD1.1 (company), QD1.12 (competition), QD1.3 (competitiveness), QD1.5 (protectionism), QD1.7 (liberalisation). The results here encompass the answer possibilities ‘very positive/fairly positive’.

202 On scale points of 1-10, this percentage encompasses scale points 1-5 ‘competition is good’ (V.119).

203 Q21g Is the influence of large companies from other countries very good, somewhat good, somewhat bad, or very bad in Germany. (Pew 2007: 93).
One ‘essential characteristic of democracy’ mentioned in Table 26 which has not been looked at so far is the survey question regarding an ‘essential characteristic of democracy’ being that ‘the economy is prospering’ (V. 158). Although this is viewed by 25.6 per cent of German respondents (low commonality) as being an ‘essential characteristic of democracy’, compared to electoral provisions, civil rights, social welfare and wealth distribution, it is ranked at the bottom. This is backed by empirical evidence from the 2009 Pew Global Attitudes survey, where 58 per cent of German respondents believe that ‘a good democracy’ is more important than a strong economy’ (37 %). The majority of Germans thus choose a well-functioning democracy over economic prosperity, which the empirical evidence on the concepts democracy and market economy above has equally illustrated. A prosperous economy is however central to the German public which the WVS survey question ‘what the aims of this country should be for the next ten years’ (V. 69), illustrates. When not directly asked about the concepts of democracy, solidarity, welfare state and market economy, but specifically about what respondents find the most important thing government should deal with in the near future, Table 34 illustrates that 60.9 per cent of German respondents think that the government’s top priority should be to support ‘a high level of economic growth’. This is followed by one in three respondents agreeing with the statement that ‘people should have more say about things’. These results show that more German respondents thus find the government’s role in steering the economy and to increase economic prosperity more significant than to those which agree with the statement that taking care of increasing people’s responsibility should be the country’s top priority for the next ten years.

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Germany (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>A high level of economic growth</td>
<td>60.9</td>
</tr>
<tr>
<td>People should have more say about things</td>
<td>30.0</td>
</tr>
</tbody>
</table>

Source: Author’s compilation based on WVS 2005-2009.

3.1. Specification of H2

Having contextualised the independent variable domestic ideas, in this case by applying the process ideas which have evidenced that the dominant expectations about the conduct of

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204 Pew Global Attitudes, Fall 2009 Question 43 ‘If you had to choose between a good democracy or a strong economy, which would you say is more important?’

205 Other answer possibilities are ‘strong defence forces’ (2.2 %) and ‘trying to make our cities more beautiful’ (3.9 %).

German government’s political decision making is in line with the country as a CME, the first step of this multi-step analysis includes that the findings from this step are then used to equally specify the theoretical arguments at the beginning of each section into a sub-hypothesis. As has been done previously for the independent variable domestic sectoral material interests, the purpose of this is to narrow down the general hypothesis in order to focus on a single national context. Recalling these main hypotheses, they link the prevalence of one independent variable in the governmental preference formation process with a specific condition, either the impact on sector or the issue at stake (Theoretical Framework). The specified hypotheses link individual domestic interests or ideas with their specific conditions within the context of the country selection, in this case Germany, and the case study the EU-Korea trade agreement. For this reason and in order to subsequently conduct both the second and third step of the multi-step analysis, the general hypothesis H2 featuring the independent variable of domestic ideas needs specification.

Recalling the condition issue at stake, and in line with the societal approach, the general H2 states that when specific trade issues focus on fundamental issues about acceptable governmental policies, that is the role of government in steering the economy and domestic sectoral material interests are affected diffusely, then domestic ideas will dominate domestic interest in shaping governmental trade positions (Theoretical Framework). Thus, the condition issue at stake means that if trade issues deal with fundamental questions about the role of politics versus the market in steering the economy because these affect value-based collective expectations about appropriate governmental behaviour, and domestic economic sectors are not directly but diffusely affected, then domestic ideas will predominantly shape governmental trade positions. Based on these findings in the previous step of contextualisation of the independent variable of German domestic (process) ideas within the EU-Korea FTA context, the general H2 will be specified. In line with the societal approach, but applied and adjusted to the context of this chapter’s country and case study, the respective specification of this hypothesis accordingly claims that when German voters’ and NGOs’ collective shared expectations on appropriate German governmental behaviour are affected by fundamental questions concerning the role of politics in steering the economy due to specific EU-Korea trade issues, and domestic interests are affected diffusely then these domestic ideas will prevail in shaping the German governmental trade position.
3.2 Identification of Domestic Ideas (Content Ideas)
The previous sub-section has specified the domestic ideas, *process ideas*, to the empirical context which has revealed that Germans’ expectations of the governments’ political decision making are in line with the country’s ‘coordinated’ economic system. The second step of the analysis now continues with the identification of the societal demands, i.e. with the second type of the independent variable domestic ideas, *content ideas* which are defined in the theoretical framework as dominant expectations of the government’s primary task in a given policy area. In this study, content ideas are thus delineated as *dominant expectations of the German government’s primary task in trade policy*. Specific content ideas are those ideas which underline the responsibility of the state in connection with trade policy and thus public opinion polls are applied which specifically focus on this policy.

3.2.1 Societal Attitudes towards Trade Liberalisation
As mentioned in the methodological part of this study, domestic ideas will be determined by consulting a combination of public opinion poll data, mainly the public opinion polls from the Economic Policy programme of the German Marshall Fund (GMF) of the United States. The GMF has conducted several public opinion polls in order to establish “a baseline for trends over time” (GMF 2005: 3) where societal attitudes are examined for example towards free markets, international trade, the impact of trade liberalisation on jobs and labour and environmental standards and the extent to which trade offers benefits such as prosperity, security, lower product prices and more product choice (GMF 2007a: 3). Table 35 highlights the most significant results from the GMF public opinion polls, ranging from the years 2005-2007 which provides potential consistency or variation of societal attitudes towards trade policy.

As mentioned in the previous sub-section on *process ideas*, most Germans are supportive of the free market economy and despite the financial and economic crisis, this support stayed consistent over the years 2007-2009, during which the EU-Korea FTA negotiations took place. This support for free markets includes international trade. In 2007, a strong majority of 79 per cent of German respondents are highly in favour of international trade, defined as “global commerce” (GMF 2006: 8). This supporting opinion towards international trade varies over the years as it was higher in 2004 and 2006, when 89 per cent and 83 per cent of

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207 Q3.2 Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable or very unfavorable opinion of international trade? (GMF 2007: 4). These results encompass the answer possibilities ‘very favorable’ and ‘somewhat favorable’.
respondents respectively showed an overwhelming support, but was lower in 2005 with 70 per cent of respondents being in favour (Audley and Anker 2004a: 12; GMF 2007b). Equally in 2007, when asked specific about free trade, defined as “more trade liberalisation” (GMF 2006: 8), a majority of 74 per cent of respondents are in favour of this by stating that they favour freer trade, that is, ‘making it easier to buy and sell products internationally by reducing tariffs and other barriers to trade’. Although marginally different, in 2006 and 2007 German respondents favour the term ‘international trade’ over ‘freer trade’, most probably because the latter includes the lowering of tariffs and other trade barriers (GMF 2006: 8).

<table>
<thead>
<tr>
<th>Survey Questions</th>
<th>Germany (%)</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>International trade</td>
<td>70</td>
<td>83</td>
<td>79</td>
<td></td>
</tr>
<tr>
<td>Freer trade</td>
<td>76</td>
<td>74</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Keep trade barriers to protect businesses</td>
<td>52</td>
<td>52</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Benefits</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Freer trade provides more market access</td>
<td>87</td>
<td>87</td>
<td>90</td>
<td></td>
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<tr>
<td>Freer trade provides consumer benefits</td>
<td>78</td>
<td>74</td>
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<td>Freer trade makes the world stable</td>
<td>83</td>
<td>74</td>
<td>76</td>
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<tr>
<td>Freer trade adds to domestic and global prosperity</td>
<td>73</td>
<td>59</td>
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<td>Costs</td>
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<td>Freer trade leads to social and economic inequality</td>
<td>47</td>
<td>46</td>
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<tr>
<td>Trade costs more jobs</td>
<td>43</td>
<td>51</td>
<td>42</td>
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<tr>
<td>Freer trade leads to lower quality jobs</td>
<td>53</td>
<td>49</td>
<td></td>
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<tr>
<td>High labour and environmental standards</td>
<td>53</td>
<td>58</td>
<td>52</td>
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Source: Author’s compilation based on GMF 2007b.

The 2009 Pew GAP survey poses a different question with regard to trade where an even larger majority (87 %) of respondents think increasing trade connections with other countries are good (‘very good’/‘somewhat good’). Table 36 illustrates that Germans have provided a high and consistent support over the time period 2002 – 2009. It also reveals that before and during the EU-Korea FTA negotiations, and equally during the financial and economic crisis, an economic breakdown did not impact public opinion towards the liberalisation of trade. This is equally backed up by another survey question of the 2009 Pew GAP poll which asks respondents a relative similar question highlighted in Table 36, but whether respondents view

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208 Q4 I am now going to ask you about freer trade, that is to say making it easier to buy and sell products internationally by reducing tariffs and other barriers to trade. Which of the following two statements about freer trade comes closest to your view? I am in favor of freer trade. I am not in favor of freer trade. (GMF 2007: 11).
increasing trade as being good for them personally. A strong majority of 88 per cent in 2002 and 82 per cent in 2009 view this as good (‘very good’/‘somewhat good’).

<table>
<thead>
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<th>Table 36. Content Ideas – Trade and Business Ties (%)</th>
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<tr>
<td>What do you think about the growing trade and business ties between (survey country) and other countries?</td>
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<tr>
<td>Germany</td>
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Source: Pew GAP 2009 Q13

Asked about the arguments against international trade and the general term of protectionism (within the context of trade policy as opposed to the general term in the section process ideas), the 2004 GMF poll asks respondents’ attitudes towards the term ‘protectionism’ to which 25 per cent state that they are in favour (‘strongly favour’/‘somewhat favour’) versus 44 per cent saying that they oppose this (‘somewhat oppose’/‘strongly oppose’). When referring to the general term ‘protectionism’ and the usage of trade barriers however, 59 per cent of respondents oppose (‘somewhat oppose’/‘strongly oppose’) versus 32 per cent being in favour of (‘strongly favour’/‘somewhat favour’) ‘protectionism, like imposing tariffs on imported goods’. On the other hand, a survey question particularly referring to ‘protecting our businesses’ instead of the general term ‘protectionism’ receives 88 per cent of respondents support (‘strongly favour’/‘somewhat favour’) versus 9 per cent being opposed (‘somewhat oppose’/‘strongly oppose’). More specifically, when the question ‘protecting our businesses by raising tariffs on imported goods’ is raised, respondents are more divided, although the majority of 51 per cent are in favour (‘strongly favour’/‘somewhat favour’), whereas 47 per cent do not agree (‘somewhat oppose’/‘strongly oppose’) (Audley and Anker 2004a: 15). Respondents thus do value the general term ‘protection’ more than the general term ‘protectionism’, but much less so if this is to be achieved through protectionist means by for example, raising tariff barriers.

Regarding further societal attitudes towards the removal of trade barriers, respondents of the 2005 GMF poll strongly prefer a gradual transition to open markets over either a rapid change or maintaining barriers to trade, with 63 per cent supporting the gradual opening of markets, 6 per cent is eager to open markets quickly, and almost three in ten, 29 per cent, supports

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Q14 Now thinking about you and your family – do you think the growing trade and business ties between our country and other countries are very good, somewhat good, somewhat bad or very bad for you and your family?

209 Q14 Now thinking about you and your family – do you think the growing trade and business ties between our country and other countries are very good, somewhat good, somewhat bad or very bad for you and your family?

210 Original emphasis.

211 Original emphasis.
maintaining trade barriers (GMF 2005: 6). According to the 2007 GMF poll, a slight majority of 52 per cent is in favour of keeping trade barriers in order to protect German businesses ‘even if this might result in slower economic growth’. However, 45 per cent of respondents are in favour of removing these barriers as ‘this will ensure faster economic growth even if this might result in some risks for German businesses’. A 2009 WPO poll presents German respondents two statements, one asking whether during the economic crisis, ‘it would be a good idea for our government to try to help German companies by making it harder for foreign companies to sell products here’, or whether this is a ‘bad idea because other countries will then do the same to our companies’. Almost seven out of ten (68 %) of German respondents favour the view that temporary protectionism is a bad idea (WPO 2009). However, although protectionism is not favoured, German respondents are supportive of consumers buying domestically-produced goods and services to bolster their national economies with 63 per cent agreeing with the statement ‘in times like these, we should buy more German goods and not worry about our economic partners’ (GMF 2009).

With regard to the potential benefits of international trade, in the 2005 GMF poll, the general question about confidence that ‘people in our country’ will benefit from freer trade is at 55 per cent (‘benefit a great deal’/’benefit somewhat’) (GMF 2005: 9). Regarding specific related questions in the 2005 and 2006 GMF polls, Germans however are very confident that trade liberalisation leads to consumer benefits in and more export opportunities for Germany. Regarding the former, 74 per cent of respondents (down from 78 % in 2006) agree that trade liberalisation ‘leads to lower prices and more product choices for consumers’, whereas a strong majority of 90 per cent (up from 87 per cent in 2005 and 2006) believe that the liberalisation of trade ‘enables German businesses to access new markets’. A survey question posed by the GMF poll of 2009 supports the fact that trade liberalisation leads to lower prices for the consumers with 83 per cent of respondents agreeing (‘agree strongly’/’agree somewhat’) with the statement that ‘in times like these, it is important for Germany to remain open to international trade to keep prices low’. In the 2004 GMF poll, when asked directly who benefits most from trade liberalisation, a clear majority of 62 per cent of respondents says that multinational companies are the primary beneficiaries, more than small businesses (13 %) or ordinary citizens (6 %) (Audley and Anker 2004a: 17).212 A 2008 Eurobarometer poll asks if ‘only large companies and not citizens’ benefit from the liberalisation of trade.

212 Question text: “And which of the following groups do you think benefits MOST from lowering barriers in international trade?”
with a large majority of 71 per cent of respondents agreeing with this statement (‘strongly agree’/’somewhat agree’).\textsuperscript{213}

German views on the potential foreign policy benefits from freer trade are very positive, although this changed from 83 per cent in 2005 to 76 per cent in 2007 of respondents thinking that trade ‘makes the world more stable’. Equally, support for freer trade in helping to increase prosperity gradually declined between 2005 and 2007, from a strong majority of 73 per cent to a lower majority of 57 per cent believing that ‘freer trade helps to provide prosperity, both in Germany and in other parts of the world’. Although overall, Germans thus do embrace international trade and its potential benefits, when looking at potential costs of trade liberalisation, 46 per cent of German respondents are aware that trade liberalisation does not only create winners as it can lead ‘to more economic and social inequality’ in Germany. With regard to the winners and losers of trade liberalisation, a 2008 BBC/Globescan/PIPA poll asks about the attitudes towards the pace of ‘economic globalization, including trade and investment’ with a slight majority of 52 per cent of German respondents thinking that trade and investment is growing too quickly (‘much too quickly’/’a bit too quickly’). Equally, the same poll poses the question ‘how fairly do you think the benefits and burdens have been shared in your country’, of which 23 per cent think that these have been shared fairly (‘very fairly’/’somewhat fairly’) and the majority of 71 per cent stating that these have not been fairly (‘not very fairly’/’not at all fairly’) distributed in their country (BBC/Globescan/PIPA 2008b).\textsuperscript{214}

Respondents are also slightly anxious about trade liberalisation when it comes to losing jobs, with 42 per cent of respondents agreeing that reducing tariffs and other barriers to trade ‘costs more German jobs than it creates’ which leaves a slim majority of 52 per cent thinking that trade leads to job creation. Almost the majority (49 %) thinks that trade liberalisation has a negative effect on and results in ‘lower quality jobs’ in Germany. Equally, with regard to trade liberalisation and job losses, a 2007 and 2008 Eurobarometer survey asked about the concept of ‘economic globalisation’ and the ‘multiple consequences of the globalisation of

\textsuperscript{213} QA47a.7. For each of the following statements, please tell me whether you strongly agree, somewhat agree, somewhat disagree or strongly disagree. Globalisation is profitable for only large companies, not for citizens (Eurobarometer 2008a).

\textsuperscript{214} The first result, 23 per cent encompasses the answer possibilities ‘very fairly’/’somewhat fairly’, whereas the latter result entails the answer options ‘not very fairly’/’not at all fairly’.
trade’. In 2007 and 2008, 46 per cent and 59 per cent of respondents respectively think that the primary consequence is the ‘relocation of some companies to countries where labour is cheaper’, followed by 30 per cent and 20 per cent of respondents in 2007 and 2008 respectively believing that ‘globalization of trade’ leads to ‘opportunities for (German) companies in terms of new outlets’. A very small percentage of 7 per cent (2007) and 8 per cent (2008) believe that trade liberalisation leads to an increase in foreign investment and 12 percent (2007) and 8 per cent (2008) of respondents think that German companies face increased competition (Eurobarometer 2007b and 2008). This thus shows that during roughly one year, the German public is increased sceptical with the majority believing that trade liberalisation leads to job losses rather than to the creation of domestic jobs. Also, Germans seem to be not so much concerned about the increase of foreign investments or a rise in competition due to the liberalisation of trade. The concern of job losses due to the liberalisation of trade however is equally underlined when respondents have to choose between two survey questions with regard to benefits and costs of trade liberalisation. German respondents are divided between the questions whether trade liberalisation is good for domestic companies due to the opening of foreign markets, or whether it is bad for domestic jobs and companies. Here, 41 per cent of respondents believe in the advantages of market access for domestic companies but 50 per cent think that the opening of markets hurts domestic jobs and companies (Eurobarometer 2008a).

3.2.2 Societal Attitudes towards Social Trade Issues
Notwithstanding their overall favourable attitudes towards ‘international trade’, ‘freer trade’ or ‘economic globalisation’, when it comes to the values protecting the environment versus economic growth, Germans are however ready to put protection of the environment before economic growth. Table 37 illustrates that in 2003, 2007 and 2008, an increase of German respondents (55 %, 63 % and 65 %, respectively) agree that environmental protection should be the priority among these two (‘totally agree/tend to agree’) while a lower proportion (49

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215 Economic globalisation is defined as “the integration of economies and the opening of borders, resulting from the increase in trade and capital movements, the movement of people and ideas as well as spread of information, knowledge and technology” (Eurobarometer 2008a: 41).
216 QA51a. There are multiple consequences of the globalisation of trade. When you hear the word “globalisation”, what comes first to mind? Opportunities for (nationality) companies in terms of new outlets, foreign investments in (our) country, relocation of some companies to countries where labour is cheaper, increased competition for (nationality) companies, other, don’t know.
217 QA48a (Eurobarometer 2008a). Which of the following two propositions is the one closest to your opinion with regard to globalisation? Globalisation represents a good opportunity for (nationality) companies thanks to the opening-up of markets. Globalisation represents a threat to employment and companies in (our country). The same question was posed in the Eurobarometer 2007a (QQA43.1) but German attitudes stay constant.
%, 38 % and 32 %, respectively) agree that economic growth should be prioritised even if it affects the environment (‘totally agree’/‘tend to agree’).\textsuperscript{218} It should be noted though, that in 2003, Germans were more divided on this issue, than in the years that followed. A related question posed in a 2005 and 2008 Special Eurobarometer underlines the increasing importance Germans attach to the environment, as in 2005 almost 6 in ten (56 %) and in 2008 almost 7 in ten people (68 %) favour the statement ‘environmental protection must be given priority over the competitiveness of the economy’ (Eurobarometer 2005 and 2008b).\textsuperscript{219} This importance of the environment is equally illustrated in the Pew opinion polls of 2002, 2007 and 2009. German attitudes are relatively constant when asked if protection of the environment should come before economic growth and keeping jobs as 79 per cent (2002), 75 per cent (2007) and 77 per cent (2009) agree with this statement (‘completely agree’/‘mostly agree’) (Pew 2009).\textsuperscript{220}

<table>
<thead>
<tr>
<th>Survey Question</th>
<th>Germany (%)</th>
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<tr>
<td></td>
<td>EB 2003</td>
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<tr>
<td>Protecting the environment should be a priority for (our country), even if it affects the economic growth</td>
<td>55</td>
</tr>
<tr>
<td>Economic growth must be a priority for (our country), even if it affects the environment</td>
<td>49</td>
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Potential costs of trade liberalisation can be felt when focusing on ‘behind the border’ issues like standards and regulation. Table 35 illustrates that a slight majority of 52 per cent of Germans agree that their high labour and environmental standards puts their country at an disadvantage when conducting free trade, whereas 79 per cent however do endorse that these standards ‘should be included in trade agreements’\textsuperscript{222} as otherwise trade liberalisation puts them at a disadvantage because differences in levels of standards in part can create an uneven

\textsuperscript{218} Fieldwork was conducted in September-October 2006, the Eurobarometer was published in 2007.

\textsuperscript{219} In EB 2005 QB8b and in EB 2008 QF11 And thinking about environmental protection, to which of the following two opinions do you feel the closest? Environmental protection must be given priority over the competitiveness of the economy or Environmental protection must not be given priority over the competitiveness of the economy. EB 2005 fieldwork was conducted in November 2004.

\textsuperscript{220} Q12c Please tell me whether you completely agree, mostly agree, mostly disagree or completely disagree with the following statements. Protecting the environment should be given priority, even if it causes slower economic growth and some loss of jobs (Pew 2009).

\textsuperscript{221} Questions QD1a.6 and QD1a.5 respectively (Eurobarometer 2008a).

\textsuperscript{222} Q11. Labor and environmental standards should be included in trade agreements with developing countries because without them companies in these countries will have an unfair advantage in competing with German companies? Although this question asks specifically about developing countries, it is assumed here that this also corresponds to developed countries.
playing field for domestic workers (GMF 2007b). A related question, surveyed in the 2004 GMF poll considers whether respondents have a favourable opinion of ‘fair trade’. Fair trade here refers to means using trade agreements to integrate and potentially leverage higher levels of labour and environmental standards in partner countries. This term receives lower support than the term international trade, with 59 per cent of respondents having a positive opinion of ‘fair trade’ (‘very favourable’/’somewhat favourable’), compared to the strong majority of 89 per cent, as mentioned above, supporting international trade (Audley and Anker 2004a: 12). The same poll also shows that German respondents are in favour of trade liberalisation, but not at all cost, for example at the expense of social issues. A large majority of 78 per cent of respondents were convinced (‘very convinced’/’somewhat convinced’) about the following statement

‘international trade contributes to prosperity and should therefore be welcomed, but not at all cost [as] the European Union must stand up for labour and human rights standards and protect our jobs [and] the environment. Otherwise we’ll get a race to the bottom [which] would be a race without winners, perhaps with the exception of a small group of big businesses’ (Audley and Anker 2004b: 46).

That the majority of respondents are in line with this statement thus underlines the fact that although German respondents are highly in favour of international trade, more so than they are for fair trade, they are however aware that trade liberalisation benefits the country’s overall prosperity, but specific gains go to large companies more than ordinary citizens. Also, although respondents are not as much in favour of fair trade as they are for international trade, they do not agree with trade liberalisation at all costs, as they expect social trade issues, such as labour and environmental standards to be integrated within trade agreements. Concerns about the effect of trade liberalisation on jobs as well as on the environment prompt respondents to believe that trade agreements should include requirements to comply with international labour and environmental standards in order to prevent a ‘race to the bottom’, as companies move to countries with less protection.

As one of the main ideas of the sustainable development concept is that environmental and social factors are given equal consideration with economic factors in trade agreements, the

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223 Please tell me if you have a very favorable, somewhat favorable, somewhat unfavorable or very unfavorable opinion of… This question was however asked to one half of total respondents only, thus around 500 people for Germany.
224 Fair trade here refers to the effects of trade on the environment or labour standards, as opposed to fair trade referring to ‘fair trade’ products, where the consumer feels that by buying these products it is supporting the producer and/or suppliers (Ehrlich 2010: 1015).
2005 and 2008 Eurobarometers, which investigate attitudes towards the environment, also examine how the environment is positioned among economic and social factors.

Table 38 shows that all three factors seem to be important to German respondents, with an increase of all three factors during the years of examination. Notwithstanding the importance of environmental factors, Germans nevertheless attach a great role to economic factors, with almost eight out of ten (78 %) thinking that the latter should be given more consideration (‘very much’/‘quite a lot’) in trade agreements, than environmental factors (68 % in 2008). Compared to both economic and environmental factors, although social factors rank last, still an absolute majority views these as important (58 % in 2008) (‘very much’/‘quite a lot’). This data illustrates that the economic situation did not shape respondents attitudes as German importance of the economic factors over the other two, does not change over this period of time.

Further data of the same 2005 Eurobarometer asks respondents about the role of the environment in the policy making process and whether policy makers should ‘consider the environment to be just as important as economic and social policies’. Eight out of ten (81 %) Germans believe that policy makers should give the same level of importance to the environment as economic or social policies (Eurobarometer 2005). When asked whether ‘policy makers should take environmental concerns into consideration when deciding policy in other areas such as the economy and employment’, the same amount of respondents (81 %) agree (‘very much’/‘quite a lot’) with this statement.

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225 Q6.1 (EB 2005) QF9 (EB 2008a) In your opinion, to what extent do the following factors influence your “quality of life”. State of the environment, economic factors, social factors. Very much, quite a lot, not much, not at all.

226 Q7 In your opinion, should policy makers consider the environment to be just as important as economic and social policies? Yes or No.

227 Q8 In your opinion, should policy makers take into account environmental concerns when deciding policy in other areas such as the economy and employment? Very much, quite a lot, not much, not at all.
Another concern of the German public is the way trade agreements are being negotiated. According to the 2004 GMF poll, when people have to choose between continuing the current way of negotiating trade agreements or changing the process to promote greater openness and accountability ‘so that all voices can be heard’, 86 per cent of German respondents opt for greater transparency, whereas 16 per cent are happy the way trade agreements are conducted (Audley and Anker 2004a: 23).

Non-Governmental Organisations (NGOs)

Given the competitiveness-driven agenda of the new FTAs, the Global Europe strategy has met criticism from NGOs. In the run-up to the official presentation of the Global Europe Communication, NGOs, within the Seattle to Brussels (S2B) framework analysed the Commission’s future plans in September 2006 and formulated their position on the basis of the Commission's draft entitled ‘External Aspects of Competitiveness’ (European Commission 2006b). The network then published a reply to the Commission’s communication in November 2006 with the report ‘Corporate Power over EU Trade Policy’ (Vander Stichele et al. 2006). In a “wake-up call to civil society and trade unions in Europe and elsewhere” the S2B was calling for civil society and political actors to further intensify their engagement with the EU’s trade strategy and to align a common counter publicity (S2B 2006b). In Germany, the S2B members which criticised and rejected the Global Europe strategy, and those which were involved from the start, were World Economy, Ecology and Development (WEED) and Protestant Development Service (EED). Over the years, they were joined by other NGOs such as ATTAC Germany and organised informational and protest activities, for example before and during the G8 Summit in 2007, which took place in Heiligendamm (Fuchs 2007a: 26).

German NGOs had concerns about Global Europe’s focus on competitiveness, the elimination of NTBs and the subsequent targeting of the regulatory environment in third countries. It was viewed as a ‘wish list’ of business interests which did not only determine EU negotiations in the multilateral trade approach, but now also increasingly in the new generation of bilateral FTAs. These latter were to be more ambitious than previous FTAs because of the intervention into the respective regulatory regimes of the partner countries in order to remove any obstacles to exporting interests. Instead of limiting the existing power and lobbying of

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228 Statement 1: The current ways in which trade agreements are negotiated is fine, with government negotiators acting on behalf of their citizens. Statement 2: We need greater openness and accountability in reaching trade agreements so that all voices can be heard.
corporations and democratising Europe, this trade policy aims to expand business power even further (Frein und Fuchs 2006: 1).

“The civil society, development and environmental organizations, churches and trade unions should not hesitate to demand (...) transparency and justice in European and German trade policy. Global Europe must not be oriented towards the interests of European economic elites. It is about our living and working conditions, about us as citizens - and how we want to shape a future-oriented Europe, which also makes a contribution to ecological sustainability and social justice on a global scale” (Frein und Fuchs. 2006: 5).

WEED and EED stated that the elimination of all NTBs is trade distorting and would lead to an increase in competition which would ultimately result in breaking down the regulatory environment of partner countries and would lead to downgrading EU standards and regulations.

“This includes SPS and TBT requirements, regulations on services, public procurement but also IPR, investment and competition policy regimes of third countries. What is to be expected is more competition, more flexibility, more deregulation. Goodbye to the European social model; here’s to naked globalisation for all (S2B 2006: 1).

This competition agenda thus favoured corporate interests over the social values such as environmental, health and social regulations. Peter Fuchs of WEED states that

“contrary to a more stringent and business-oriented market access strategy, it should be urged to maintain regulatory margins, instead of declaring more and more regulations as non-tariff barriers and eliminating them by means of international trade agreements “ (Fuchs 2007: 36).

He continued saying that

“we have long pointed out that the EU is pursuing a multilevel and bilateral multi-stakeholder strategy in trade policy. At the moment, we are formulating a clear 'no!' to the EU course and we are trying to establish a counter publicity with other critical groups and trade unions” (WEED 2007a).

German civil society organisations ATTAC Germany, EED, EURAFAIR, Germanwatch and WEED viewed Global Europe to be a serious threat to social justice, gender equity and sustainable development, both within and outside the EU. They called on the German government during its 2007 Council Presidency to reject the authorisation of the Council of Ministers of the FTA negotiations with ASEAN, Korea and India, because the competition agenda with its aim of opening markets abroad would result in the undermining of food security, job losses and adverse environmental impacts.
“The intention to harmonise internal EU standards with those of other trading partners (...) threatens to undermine crucial social and environmental regulations, and ultimately the European social model” (WEED 2007b).

WEED accounted the German government’s special role for EU trade policy during its EU Council Presidency due to the political and economic power of Germany within the European Union and due to the traditionally neoliberal foreign economic policy course in Germany, the Federal government is particularly strong emphasis in the implementation of the ‘Global Europe’ strategy (WEED 2007: 37). For a policy with a focus on fair trade, WEED recommends the following:

“The Global Europe strategy is to be rejected in principle as its implementation threatens a social, ecological, international solidarity and civilian Europe. The development as well as its implementation is carried out in close collaboration with representatives of interest groups important to the European economy. Participation of the civil society did not take place which is untenable in terms of democracy. The drafting of negotiation mandates by the Commission and interest groups means that social policy concerns have not been communicated in an open and transparent manner. The EU-Korea negotiation mandate should, for this reason be rejected” (Fuchs 2007b: 39).

On the occasion of the 3rd round of EU-Korea FTA negotiations, WEED joined European and Korean social movements and civil society in a protest against the Global Europe trade strategy and the EU-Korea FTA. Their joint statement highlighted the following

“If the Korea-EU FTA is signed it will have devastating impacts for the workers, the farmers, the environment and the democracy in both sides. The argument that Korea is an OECD country and therefore will not suffer these effects is misleading and fails to acknowledge that FTAs are agreements between capital and corporations and that workers and farmers are left behind. While governments say more free-trade will bring more wealth and jobs for the people, the experience shows that such agreements have led to relocation, loss of jobs in the industry and in the agricultural sector and worsening labour conditions” (Weed 2007c).

In April 2008, activists from Asia and Germany protested against the EU FTAs with South Korea, ASEAN and India. This demonstration entitled ‘Kein Ausverkauf von Menschen- und Umweltrechten!’ was organised by Aktionsbündnis Gerechter Welthandel, ATTAC and WEED and took place in the government district of Berlin. The protestors warned of the negative consequences of the agreements for the poor population groups and the environment. The protests took place within the framework of an international action week against the EU FTAs. Prior to this, activists from all over the world had gathered in Brussels for several days
to develop a common strategy against the so-called “Global Europe” of the EU trade policy agenda. Peter Fuchs of WEED stated that

“Far-reaching treaties are being negotiated in favour of world-market-oriented corporations, without relevant involvement of the public and parliament. The Federal Government and the EU admit that they want aggressive WTO-plus treaties, imposing even more rights and power onto corporations, but without including new obligations of a social or ecological nature. With the WTO in a crisis however, it would be about time for a fundamental social and ecological reorientation of international trade policy!” (ATTAC 2008).

This statement was supplemented by statement from Roman Denter of Aktionsbündnis Gerechter Welthandel, who added:

“Our protest makes it clear that international trade policy has implications for human and environmental rights. Together with our friends from Asia and South Korea, we fight against new rules in favour of the rich. The Bundestag and the public must now wake up! The new Global Europe negotiations must be in the light of a critical public discussion, even if the Ministry of Economic Affairs does not like it!” (ATTAC 2008).
3.3 Domestic Ideas’ Presence in German Trade Positions

With regard to the government’s response to the minor interpellation of several members of the German parliament, the government stated to the question of whether environmental and social standards are dismantled in bilateral FTAs, that national environmental, social and quality standards which protect the health of the population were to be respected (Deutscher Bundestag 2006a: 6).

“Even in sports, from whose language the term “level playing field” is, players and teams have different starting points. When they compete against each other, they are however subject to the same rules. The Federal Government advocates, both bilaterally and within the framework of the EU, for the global application of high social and environmental standards” (Deutscher Bundestag 2006a: 5).

While, stressing the importance of the economic dimension, i.e. the strengthening of trade and the international competitiveness of businesses, the German EU Presidency equally attached importance to the social dimension, i.e. creating jobs and fighting unemployment.

“Germany advocates an economic order which is competitive while also upholding social and environmental responsibility. The German Presidency will appeal for the adoption of a balanced package of measures to promote competitiveness, growth and employment as well as social cohesion and a clean environment” (The Federal Government 2007: 4).

The German Council Presidency also did mention sustainable development in its working programme, but this was noted more in the form of promoting a development agenda, i.e. reaching the Millennium Development Goals and reaching poverty reduction and sustainable economic development in the African, Caribbean and Pacific states (ACP) (The Federal Government 2007: 23). In her opening speech at the World Economic Forum in Davos in January 2007, Merkel pointed towards the motto of the G8 Presidency “Growth and Responsibility”. As mentioned in the section above, referring to the former she made detailed references to the importance of growth with regard to employment and prosperity, and the significance of a successful conclusion of the DDR with regard to opening markets. Regarding the latter, she made minor references to the responsibility and the promotion of social standards and sustainable development more broadly by mentioning the importance of “safeguarding free and fair world trade” (Merkel 2007a).

Foreign Minister Frank-Walter Steinmeier declared in May 2007 at the ‘Europe and Asia – Shaping globalization together’ that
“one of the our most important tasks is to shape political, economic and social developments in Europe and Asia to benefit both sides. Part of this is, for example, securing conditions for fair competition and sustainable economic activity” (Steinmeier 2007).

With respect to the EU-Korea FTA negotiations, he added that “social aspects are definitely to be included” (Steinmeier 2007). In June 2007, with regard to social and environmental standard, the German government stated the following:

“Social and environmental standards in world trade is an important issue for the Federal Government. The Federal Government advocates for the establishment of this issue in the multilateral framework of the WTO. However, this is currently on resistance of the majority of developing countries. During the first ASEM Labour Ministers Conference in Potsdam, the Federal Government has contributed significantly to the fact that European and Asian countries have explicitly set the common objective to strengthen the social dimension of globalization and therefore to cooperate better at international level, especially in the context of the WTO. In addition, the Federal Government supports the European Consensus on Development, which was reached in 2005, and the related new aspirations of the EU’s common commercial policy, to incorporate chapters on social policy objectives. (…) Measures to promote global trade of environmental goods and services and environmental technologies should also be subject of new bilateral free trade agreements” (Deutscher Bundestag 2007b: 17).

Vice Chancellor and Minister of Labour and Social Affairs (BMAS), Franz Müntefering stressed in his 2007 government declaration that German government supported that the social coherence of major international organisations, such as the UN, ILO, WTO, IMF and World Bank was to be strengthened because the social dimension of globalisation would be for Germany, as a world champion in exports, in its own best interest (Müntefering 2007). He stated that the German government can contribute significantly to the fact that

“the social dimension remains and that the economic and ecological [dimensions] are supplemented by the social [dimension] which will lead to a reasonable and coherent policy, not only in Germany but also beyond” (Müntefering 2007).

The German government was of the opinion that social and sustainability standards should be anchored in FTA agreements. This is in line with mandate which the Council has given to the EU Commission. In 2007, with regard to the future design of EU trade policy, the German government stated the following:

“When the WTO is being overlapped by bilateral trade agreements this can lead to a loss of importance of the WTO. Conversely, FTAs with an WTO-plus approach can however also help in strengthen the WTO and to include long-term new negotiation issues, such as environmental and social standards, in
multilateral trading system. The federal government advocates this WTO-plus approach and its related strengthening of the WTO. By including new issues, such as environmental and social standards in the negotiating catalogue bilateral FTAs can and should rather help to create additional rules for international trade exchanges and should contribute to the strengthening of environmental and social standards” (Deutscher Bundestag 2007c: 2).

The German government seemed to be first of all concerned with the commercial aspects of the FTAs but did recognise the need to promote social concerns through trade agreements and did support the inclusion of a sustainable development chapter in the EU-Korea FTA.

3.4 Testing H2 and Determining Governmental Responsiveness Correlations

The purpose here is to examine the interactions between discourses, namely between societal actors, on the one hand, voters and NGOs and of the German government, on the other and, whether the latter has been responsive to the former and under which conditions. The evidence which follows from the analysis conducted above supports the following conclusions. First, it shows strong support for H2, with domestic ideas, i.e. voters directly affected by EU-Korea FTA trade issues dominating the domestic preference formation. Second, the analysis suggests a strong degree of government responsiveness to these types of domestic ideas. Regarding NGOs, the evidence shows no support for H2 and a no degree of government responsiveness to these societal actors, as there is correlation between NGO commentary and government commentary and thus no evidence that these types of domestic ideas were reflected in the domestic preference formation.

This subsection of the multi-step analysis will recall on all steps previously highlighted and will then test hypothesis 2 and determine the degree of governmental responsiveness to domestic ideas. In order of doing so, it is necessary here to recall the specific H2, which claims that when German voters’ and NGOs’ collective shared expectations on appropriate German governmental behaviour are affected by fundamental questions concerning the role of politics in steering the economy due to specific EU-Korea trade issues, and domestic interests are affected diffusely then these domestic ideas will prevail in shaping the German governmental trade position.

In order to set the scene and to analyse the context in which domestic ideas were embedded, focus in the first step of the multi-analysis step was on process ideas only. This
contextualisation was necessary in order to investigate whether these societal attitudes correspond to Germany as a CME, as expected by the literature. Process ideas have been defined as dominant expectations about the conduct of German government’s political decision making. The chosen opposing process ideas fit into the concepts ‘democracy’, ‘welfare state’, ‘solidarity’, and ‘market economy’, and are as follows; leadership’ versus ‘inclusive decision making’, ‘collective solidarity’ versus ‘individual responsibility’, ‘strong government responsibility’ versus ‘weak government responsibility’, and ‘trust in market forces’ versus ‘trust in governmental regulation’. Data on these process ideas shows that the process ideas ‘inclusive decision making’, ‘collective solidarity’ ‘individual responsibility’, ‘strong government responsibility’, and ‘trust in governmental regulation’ receive a higher acceptance of the German public than their opposing process ideas. Also, they represent overall, a high to moderate commonality and specificity. These latter characteristics make the value-based ideas relevant for the re-election of government as they can account for appropriate governmental behaviour and thus are assumed to shape the German trade position.

The process ideas chosen here thus underline that with regard to the methods of political decision making, Germans tend to emphasise consensual decision making and the inclusion of all relevant societal actors, in line with the ‘coordinated’ economic system. Also of importance to note here, is that analysis of these process ideas has shown that they can interfere or support and shape one another. The process idea ‘collective solidarity’ overlapped the idea ‘strong government responsibility’, which in turn supported the idea ‘trust in governmental regulation’. For example, with regard to societal attitudes towards the survey questions, ‘incomes should be made more equal’ and the ‘government should take more responsibility’, the ideas ‘collective solidarity’ and ‘strong government responsibility’ overlap one another, which in turn supported the idea ‘trust in governmental regulation’. Also, the process idea ‘collective solidarity’ is of more importance to German respondents than the process idea ‘individual responsibility’, seeing as more respondents are in favour to reach ‘a high level of economic growth’ which benefits most country’s citizens than to create a situation where ‘people should have more say about things’, which in turn speaks for the idea ‘trust in governmental intervention’.

With regard to content ideas, the dominant expectations of the German government’s primary task in trade policy, respondents from Germany were highly in favour of a set of arguments in support of trade liberalisation as they recognised the benefits of opening new markets, the creation of jobs and more choice for consumers. Respondents are also open to the idea that
trade contributes to more stability in the world by putting people from different countries in direct contact with each other. Although still generating majority support, people are less likely to believe that trade will lead to lower prices for consumers. The biggest drawback of international trade agreements, in the eyes of the respondents, is that these agreements mostly benefit multinational companies rather than ordinary people or small companies. With regard to content ideas, it is thus hoped for that the public and small businesses stand to gain more from international trade agreements. Dominant expectations are also that international trade agreements should not result in the loss of jobs and less quality of jobs at home. Equally, although international trade is welcomed by German respondents as it contributes to prosperity, the government should ensure that this does not lead to social and economic inequality and that the difference between rich and poor does not increase. This call reflects the inclusion of all societal actors in the domestic preference formation and reflects the process ideas democracy and solidarity held by German citizens. With regard to German societal attitudes towards social trade issues, people are also wary of concerns regarding workers and the environment. When it comes to the values protecting the environment, Germans favour the former over the latter and are highly in favour of including labour and environmental standards in trade agreements, so that domestic workers are not put at a disadvantage. Overall however, it can be said that Germans attach a high importance to social trade issues, and condition these to the liberalisation of trade.

This is in line with the government commentary, as the German government has equally attached a high importance to the connection of social trade and the liberalisation of trade. Of the various statements found, the following statement evidences this the most. While, stressing the importance of the economic dimension, i.e. the strengthening of trade and the international competitiveness of businesses, the German EU Presidency equally attached importance to the social dimension, i.e. creating jobs and fighting unemployment.

“Germany advocates an economic order which is competitive while also upholding social and environmental responsibility. The German Presidency will appeal for the adoption of a balanced package of measures to promote competitiveness, growth and employment as well as social cohesion and a clean environment” (The Federal Government 2007: 4).\footnote{Author’s emphasis.}

This evidence thus shows strong support for H2, with domestic ideas, i.e. voters directly affected by EU-Korea FTA trade issues dominating the domestic preference formation.
Second, the analysis suggests a high degree of government responsiveness to these domestic ideas.

With regard to the evidence supporting H2, this is viewed to be rather weak as all NGOs called for the Global Europe FTAs in general, and the EU-Korea FTA to be stopped no matter what. WEED demanded from the German government that

“The Global Europe strategy is to be rejected in principle as its implementation threatens a social, ecological (…) Europe. The EU-Korea negotiation mandate should, for this reason be rejected” (Fuchs 2007b: 39).

Given the German government commentary, it has been illustrated here that the interests from industry, the trade union and voters have been reflected in its trade position. The concerns of NGOs were however not included in this trade position. German government commentary was primarily focused on the successful conclusion of the DDR, and in addition to multilateral liberalisation, German government found it important to introduce bilateral FTAs in order to create a level playing field which could compensate for competitive disadvantages against competitors.

“Doha first does not mean Doha alone. Opening markets through bi-lateral and bi-regional free trade agreements is also very important. This way we can improve the market access possibilities for (…) companies” (Glos 2007a).

This thus concludes that evidence shows strong support for H2, with domestic ideas, i.e. voters directly affected by EU-Korea FTA trade issues dominating the domestic preference formation. Second, the analysis suggests a strong degree of government responsiveness to these types of domestic ideas. Regarding NGOs, the evidence shows no support for H2 and a no degree of government responsiveness to these societal actors, as there is correlation between NGO commentary and government commentary and thus no evidence that these types of domestic ideas were reflected in the domestic preference formation.
CHAPTER 7: CONCLUSION

1. Introduction
The aim of this study was to contribute towards a better understanding of EU trade policy making by turning a detailed focus on the domestic level, where trade policy making actually begins and where EU member governments have to find negotiation positions reflecting preferences originating from domestic societal influences. This domestic level is usually not in focus of scholars, due to the EU institutional environment and the perspective that EU trade policy making is primarily made by the Commission and the Council, with the Parliament playing an increasing role. The domestic level is therefore mostly overlooked and EU member governments are treated as unitary actors and their trade positions are hence assumed. Only a handful of contributions have offered more in-depth accounts of what happens inside these member states when a common domestic trade position is formed.

The aim of this study was therefore not only to contribute to EU trade policy making in general, but moreover to contribute to EU trade policy making on the domestic level by investigating which societal actors are involved, what are their trade policy priorities and which of these domestic demands are reflected in the governmental trade position. The aim of this study was thus to take societal preferences really seriously by not just opening the ‘black box’ but by actually unfolding it. In order to so do, the innovative aspect of this investigation is the application of the societal approach to governmental preference formation (Schirm 2009; 2011; 2013a; 2013c; 2015; 2016, 2017). As has been shown in this study, the societal approach incorporates two independent variables, domestic interests and ideas in order to explain diverging governmental positions. The study here has complemented these original societal actors, interest groups and voters, with trade unions and NGOs. Within the context of trade liberalisation, these diverging positions here were the discordant British and German trade positions with regard to the EU-Korea FTA. Although both the UK and Germany shared an interest in concluding the EU-Korea negotiations, this matching interest however did not translate into similar governmental trade positions. While Britain and Germany both have been traditional advocates of trade liberalisation (BIS 2011: 5; BMWi 2015; Bollen et al. 2016: 288), and were both expected to be key beneficiaries of the EU-Korea FTA, their stances towards this trade agreement were however far from being identical. Whereas the British government consistently signalled fervent support for signing the trade agreement, the
German government's position however, despite initially expressing enthusiasm for the EU-Korea FTA, noticeably varied throughout trade negotiations.

As trade agreements affect societal actors differently, the country selection of Britain and Germany allows for highlighting the trade agreements’ potential opportunities and challenges; while certain societal actors were faced with the potential economic benefits and costs of the EU-Korea FTA, other societal actors had fundamental concerns about the role of government in steering the economy with regard to labour standards and protection of the environment. While both countries were however confronted with these competing preferences, it is striking that the German governmental stance towards the EU-Korea trade agreement was much more ambivalent than the British governmental trade position. For this reason, the following research question guided this study: Why and under which conditions did the British and German governmental trade positions in the EU-Korea FTA negotiations diverge?

With the core assumption of the societal approach being that governments in democratic systems are responsive to societal actors’ influences because they want to be re-elected (Schirm 2017: 3). Applying said approach thus seemed promising for the comparative empirical analysis of governmental trade preferences because trade liberalisation directly affects the domestic level, that is, domestic societal influences which are presumed to have shaped both countries’ governmental trade positions. This allows for the conduct of a systematic analysis of two different sets of interests and ideas, domestic interests and ideas, i.e. the difference in both domestic cost-benefit calculations and ideational settings. A multi-step analysis was applied to systematically address and investigate these two domestic variables in each country study. This multi-step analysis contextualised the domestic variables, it identified them and investigated their presence in the respective two governmental trade positions. As the EU-Korea FTA affected societal actors differently, the country selection of Britain and Germany allowed for highlighting the trade agreements’ potential opportunities and challenges; while certain societal actors were faced with the potential economic benefits and costs of the EU-Korea FTA, other societal actors had fundamental concerns about the role of government in steering the economy with regard to labour standards and protection of the environment. While both countries were however confronted with these competing preferences, it is striking that the German governmental stance towards the EU-Korea trade agreement was much more ambivalent than the British governmental trade position.
The previous chapters have proven that this variance in preferences in the EU-Korea FTA was due to two different sets of domestic interests and ideas in the different institutionalisation of national capitalism and representing different sectoral advantages. While the UK, as a liberal market economy (LME) heavily shaped by financial services predominantly follows competitive market arrangements and unilateral management control over firms, Germany, as a co-ordinated market economy (CME) is heavily shaped by manufacturing and relies more on non-market coordination and cooperative, hence, consensual decision making. Also, with Britain being a pluralist country, the government tends to act as a referee in trying to build minimum winning coalitions amongst competing interest groups. Germany’s corporatism on the other hand underlines the negotiations between government and domestic peak associations with the government serving as an intermediary in its efforts to include all societal groups during preference formation. This study has confirmed that the UK government (LME) was assertive in accommodating the interests of the financial services sector, whereas its German counterpart (CME) made sure that the broad manufacturing sector were accounted for in its trade position. Also, the UK government acted more like a referee trying to build winning coalitions amongst the umbrella and sectoral business associations representing the services sector, whereas the German government acted more like a mediator in its efforts to embrace a broad audience of umbrella and sectoral business associations. Due to this difference in governmental behaviour, the UK government was a fervent and consistent supporter of the EU-Korea FTA, because it did not consider all domestic interests affected directly by the EU-Korea FTA. The German government, although not against the trade agreement, tried to endorse all directly affected domestic interests into its trade position.

Having not only investigated the domestic interests but also the domestic ideas prone to be influenced by the EU-Korea FTA, it was of importance to apply the societal approach in order to be able to test under which the conditions the interests or ideas dominated the respective governmental trade positions. These conditions impact on sector and issue at stake were applied to domestic interests with regard to the former, and to domestic ideas with regard to the latter. In all specific hypotheses, it has been illustrated that when domestic interests were directly affected, that then domestic interests prevailed in shaping both British and German trade positions. When looking at these specific interests for example in the UK case, this hypothesis can be confirmed for all domestic interests, bar one which is the automobile industry. As mentioned above, this sector, although directly affected by the EU-Korea FTA was not reflected in the UK trade position. With regard to Germany, this hypothesis can be confirmed seeing as all domestic interests directly affected by the EU-Korea FTA prevailed in
shaping the German trade position. With regard to domestic ideas and traditional trade and social trade issues, it can be said that in both countries these ideas sharing collective expectations on appropriate governmental behaviour were affected by fundamental questions concerning the role of politics in steering the economy due to specific EU-Korea trade issues, such as distributional consequences of the agreement, as well as sustainable development issues such as protection of the environment. Empirical evidence has proven that in both countries domestic ideas in the form of voters were prevailed in shaping both countries trade positions, whereas NGOs in both countries were not accounted for in the trade positions as no correlation between NGO and governmental commentary existed. This does not mean however, that NGOs are not taking into account by governments establishing their trade positions. Since the Transatlantic Trade and Investment Partnership agreement (TTIP) negotiations, it has become ‘common knowledge’ that NGOs can play a role in shaping governmental trade positions.

2. Transatlantic Trade and Investment Partnership (TTIP) Negotiations

Having mentioned the plausibility probe earlier on in this study, it can be of importance to show here that the finding of this study can be projected on to other FTAs. For example, a similar research question asking about the divergent UK and German trade positions in the Transatlantic Trade and Investment Partnership agreement could, by employing the societal approach, contribute to shedding light on why and under which conditions did these governmental trade positions during TTIP negotiations diverge?

Again, and similar to the EU-Korea FTA negotiations, whereas the British government had given constant support and had been a fervent promoter of signing TTIP, the German government however, originally being a strong promoter of TTIP, had gradually provided a rather inconsistent, and at times, weak backing throughout negotiations.

TTIP negotiations were launched at the G8 summit at Lough Erne in June 2013 and formal talks commenced on 8 July. Transatlantic trade was already strongly liberalised and average tariff levels were relatively low. The impact of TTIP on individual EU member countries was, given the divergence of EU member countries’ economies, likely to vary as the agreement is to affect different sectors of these economies in different ways. Most studies confirmed that Germany and the UK would be among the winners of a TTIP agreement. According to a study by the European Council on Foreign Relations, Germany and the UK rank among the top countries to potentially benefit from TTIP. Around 8 per cent of Germany’s total exports went
to the US, a figure that was topped by the UK, with 11 per cent of total exports, and there is a high degree of trade complementarity between these countries and the US (ECFR 2015: 4). Also, significant GDP and income gains for Germany and the UK are expected (0.4 per cent total GDP by 2025, respectively), if a comprehensive TTIP agreement were to come into force (CEPII 2013: 11). This increase of German and British GDP, total exports to the US and positive income effects were also evidenced in other studies (Felbermayr et al. 2013).

One of the most contested issues of TTIP in both the UK and Germany was the investor-to-state dispute settlement (ISDS) which was likely to be inserted into the agreement. ISDS provisions would allow companies to sue foreign governments over claims of unfair treatment and to be entitled to compensation. Concerns had been raised that these provisions would undermine the power of national governments to act in the interest of their citizens. Differences in US and EU regulatory standards in agriculture had also resulted in concerns about the impact on food standards, arguing that the EU has much stricter regulations on GM crops, pesticide use and food additives than the US. Opponents believe that the TTIP deal could open the EU market to cheaper products with poorer standards. They also warned that food giants could use investor-state dispute settlements to bully governments into dropping legislation to improve food standards.

In the following, the argument that both countries’ policy positions towards TTIP are shaped by domestic interests or ideas will first of all be examined by providing empirical data from German and British business associations which is then followed by presenting public opinion data and statements from NGOs. This evidence will illustrate whether the positions represent the sectoral interests of domestic interest groups or whether they refer to path-dependent ideas dominant in these countries. The analysis will then simultaneously highlight under which conditions these domestic variables will shape the governmental trade policy positions.

**German domestic interests in the political economy of TTIP negotiations**

From the beginning of the TTIP negotiations, leading umbrella business associations in Germany had consistently been in favour of TTIP. According to a survey conducted by the Association of German Chambers of Industry and Commerce (DIHK), TTIP received a considerable backing from German industry. In this survey members were asked about the importance of the FTA. German companies largely welcomed TTIP as around 70 per cent of the German Mittelstand regarded a positive relevance of individual TTIP issues. The
adaptation or mutual recognition of equivalent norms, standards, and certifications featured at the very top of the list of necessary steps for facilitating bilateral trade – 85 per cent of respondents viewed this as important or very important. Simpler customs clearance came in second among companies’ main goals. For 83 per cent of respondents, this goal was important or very important; this number was even higher in specific industry branches – for example, for retail and for the agri-food sector (91 and 90 per cent, respectively). Tariff elimination took up the third spot of companies’ wishes for the TTIP agreement. In fact, 75 per cent of them saw progress in this direction as important or very important. Such progress would, however, be especially significant for the retail and the agri-food sectors (both 82 per cent), as well as for the automobile industry and suppliers (81 per cent). The DIHK, together with other leading German business associations, the Federation of German Industries (BDI), the Confederation of German Employers’ Associations (BDA), and the German Confederation of Skilled Crafts (ZDH) issued a joint statement calling for an ambitious and fair trade and investment agreement which removes ‘barriers to trade and investment in the transatlantic market and creates jobs in our companies. Hence, businesses and employees in Germany and Europe benefit from the Transatlantic Trade and Investment Partnership TTIP. We must make use of this opportunity’ (BDI 2014: 1).

The BDI led a campaign supporting TTIP entitled “We want TTIP, Clear Rules – Real Opportunities: A Strong TTIP for Germany” where ten German business associations joined the pro-TTIP information campaign (BDI 2015). With regard to investor protection provisions and the ISDS, the BDI meanwhile supported a robust investor-state dispute mechanism in TTIP, which they saw as compatible with the ability of governments to regulate and as an opportunity to reform the current international investment system and to set higher standards for future agreements (Mildner 2014). The BDA equally called for a successful conclusion of TTIP. BDA president, Ingo Kramer, stated that ‘the mutual opening of the biggest economic world regions – North America and Europe – is a big chance for Europe for achieving more growth, more employment, new market opportunities and therefore future prospects for companies and employees’ (BDI/BDA 2014: 2).

The Confederation of German Trade Unions (DGB) published its first position paper in April 2013, even before a mandate was finalised by the Commission. It was not primarily against the agreement, but was instead in favour of improving it. The DGB believed that TTIP could bring economic benefits, but that these should not be exaggerated (DGB 2013: 2). In order to
achieve greater welfare effects and to simultaneously stabilise the economy, the DGB found measures such as stabilising the Euro/Dollar exchange rates, greater macroeconomic coordination, strengthening the collective juggle against fiscal evasion and tax avoidance, or the promotion of a global financial transaction tax more appropriate than pure trade liberalisation (DGB 2013: 2). The DGB strongly criticised the non-ratification by the USA of six out of eight basic core labour standards of the International Labour Organisation (ILO) and stated that ‘one of the objectives of the agreement with the USA must be an improvement of labour rights everywhere’ (DGB 2013: 4).

This DGB position however shifted within a year when in June 2014 its second position paper called for a suspension of EU-US trade negotiations. DGB’s main concerns were the different levels of protection for consumers, the environment and the workforce (DGB 2014: 2). The DGB demanded that the US should first sign up to all of the core principles of the UN’s ILO before it would give up its resistance. The DGB stated that complementary to the aim of increasing competitive pressures through market liberalisation and deregulation, the FTA ‘has to provide greater prosperity for a broader segment of the population, improve economic, social and environmental standards, and create structures for fair competition and good working conditions’ (DGB 2014: 4).

British domestic interests in the political economy of TTIP negotiations

The Confederation of British Industry (CBI) issued a report entitled “A new era for Transatlantic Trade” in which attention was paid to five primary reasons for UK businesses to be supportive of TTIP. These were, first of all, that small and medium-sized business would benefit the most from the agreement; secondly, consumers would benefit from a larger range of products at cheaper prices; thirdly, less customs bureaucracy would lead to the largest gains from TTIP coming from harmonisation of regulatory standards; UK services would be able to expand and export more to the American market, and; increased investment would lead to an increase in UK jobs (CBI 2014: 2). The CBI believed that the ISDS mechanism should be included in the prospective EU-US FTA. Sean McGuire, the CBI Brussels Director stated that

“As for ISDS, this is critical to upholding basic rules on investor protection throughout the world. EU countries are currently party to 1,400 investment treaties with ISDS provisions, and without ISDS, there is no way of effectively providing adequate protection to foreign investors. A model ISDS in TTIP, including some reforms to further clarify the right of states to regulate in the public interest, would help set a precedent for EU investment negotiations with other strategic trading partners like China” (Policy Review 2015).
British Chamber of Commerce Director General, John Longworth, stressed his support for TTIP, but was sceptical about its actual perceived economic benefits for the UK economy:

“British businesses strongly support the principle of free trade between the EU and the US. Firms across the UK will cheer a free trade deal that helps them gain new opportunities in US markets. (…) Only then will it become possible to gauge the potential benefits of a deal, particularly for small- and medium-sized companies, not just multi-nationals. We also agree (…) that the UK Government should analyse a range of scenarios – so that whatever deal emerges from the negotiations, British businesses can understand the potential benefits and risks” (Longworth 2015).

The Trade Union Congress (TUC) was generally not opposed to TTIP but expressed concerns with regard to labour rights, inclusion of the public sector and ISDS provision in the TTIP agreement. These concerns were expressed by TUC UK delegate Sally Hunt in May 2014:

“The TUC is calling for a TTIP that creates a gold standard for workers’ rights (…) for an exemption for health and education services [and] is opposed to ISDS in TTIP and indeed any trade deal as it is undemocratic and against the public interest to allow foreign investors to use special secretive courts to sue governments for making public policy they think is bad for business” (TUC 2014).

The TUC acknowledged that TTIP could bring economic benefits, by reducing tariffs and economic regulation, to certain industrial sectors. It was however uncertain about potential gains and job creation and views that the threats to public services, workers’ rights, environmental and food standards would outweigh any potential benefits. As illustrated above, its primary concerns with TTIP were the potential ISDS provisions to be included in the agreement. The TUC believed that the primary purpose of TTIP was to privilege foreign investors as the agreement would provide transnational corporations with more power and influence as these would be able to sue states whose laws or actions are deemed incompatible with free trade.

German and British domestic ideas in the political economy of TTIP negotiations

When TTIP was launched in 2013, 56 per cent of German and 58 per cent of UK respondents stated in a GMF survey that proposals to increase trade and investment between the EU and the US would help the economy grow, while 36 per cent of German and 32 per cent of British respondents answered that it would make the German and UK economy more vulnerable (GMF 2013: 52). These results show that in 2013 both German and British attitudes towards TTIP were rather similar with the majority of respondents being in favour of increased
economic integration between the EU and the US. In the 2014 autumn Eurobarometer, respondents were asked about their support towards free trade in general. 74 per cent of German respondents were in favour of free trade and 77 per cent of UK respondents were supportive of free trade (Eurobarometer 2014: T49). The same survey then asked respondents about support for TTIP (Eurobarometer 2014: T96). Regarding German respondents, 39 per cent were in favour and 41 per cent respondents were against TTIP. In the UK, 65 per cent of respondents were in favour while 19 per cent were against TTIP. In the 2015 spring Eurobarometer (2015: T74), German attitudes towards TTIP had slightly declined with 51 per cent of respondents being against, and 31 per cent being in favour of TTIP. In the UK, these numbers stayed relatively stable with 63 per cent of respondents in favour of TTIP and 20 per cent of respondents against.

These varying results point to the divergence of German public attitudes towards free trade in general, increased trade relations with the US in general and their attitudes with regard to TTIP. When TTIP was launched in 2013, 88 per cent of German respondents believed that “growing trade between its country and other countries” was good (Pew and Bertelsmann Foundation 2014: 21). Similarly, in the same survey, conducted by Pew and the Bertelsmann Foundation, 75 per cent of German respondents believed that increased trade with the US would be good for the country (Pew and Bertelsmann Foundation 2014: 21). When asked specifically about TTIP, 55 per cent of German respondents stated they were in favour of the potential agreement (Pew and Bertelsmann Foundation 2014: 22). German attitudes were thus highly in favour of free trade in general and also the majority was supportive of economic integration with the US. With regard to TTIP in specific, German attitudes had grave concerns about certain aspects of the potential agreement. 57 per cent of German respondents opposed elimination of all duties on goods imported from the US and 51 per cent opposed the harmonisation of US and EU standards for products and services (Pew and Bertelsmann Foundation 2014: 23). As opposed to traditional, tariff cutting trade issues, public attitudes regarding TTIP were less focused on the potential threat of increased international competition, but rather on its impact on national or European standards and policy processes. The vast majority of Germans showed fundamentally high trust levels in European standards on issues such as food safety (94 per cent), auto safety (91 per cent) and environmental safety (96 per cent) (Pew and Bertelsmann Foundation 2014: 22). With regard to food safety concerns, according to a survey conducted by Stern, 56 per cent of Germans believed that chlorinated chicken pose a health risk (Stern 2014). German attitudes towards TTIP were
primarily concerned that the agreement could be misused by corporations as a back door, circumventing and undermining consumer protection rights as well as environmental standards. This reveals a high level of Germans’ sense of consumer protection. Regarding trade in investment, 53 per cent of German respondents were against the removal of restrictions on investment between the EU and the US (Pew and Bertelsmann Foundation 2014: 23). These negative German attitudes towards investment activities were underlined in the Pew Global Attitudes Project survey conducted in spring 2014, with a large majority (79 per cent) of respondents believing that foreign companies buying German ones would be bad for the national economy (Pew 2014: 39). A slight majority (53 per cent) of UK respondents believed that this would have a bad impact on the UK economy. On the other hand, whereas only 15 per cent of British respondents had an adverse opinion about foreign companies building new factories in the UK, 33 per cent of German respondents believed that this would hurt the German economy (Pew 2014: 40). When German respondents were asked the same questions directly about the US these percentage numbers were, on the one hand similar with 73 per cent of respondents thinking that the US buying German companies (Pew and Bertelsmann Foundation 2014; 23) and, on the other hand, different as almost the majority (49 per cent) believed that it would hurt the economy when the US would build new factories in Germany (Pew and Bertelsmann Foundation 2014: 22). This support the previous statement that the German respondents attach a greater significance of the role government in steering the economy, whereas the British counterparts are more supportive of responsibility of the individual. In this vein, a 2012 Pew survey found that German and British attitudes towards ways of doing business were mixed. 65 percent of Germans disliked ‘American ways of doing business’, while only 26 percent approved of them. On the other hand, British attitudes were more mixed with 44 per cent of British respondents in favour of the US business approach and 41 per cent disapproving. Of the two countries, Germany thus showed the strongest aversion to the US business approach (Pew 2012: 25).

Much opposition to TTIP came from civil society groups and German and British NGOs’ criticism particularly focused on the ISDS but also on the agreement’s lack of transparency in negotiations and the potential risks it would bear on environmental, consumer, health and labour rights. The German NGO sector, an alliance of around 70 members, created an online platform “TTIP unfairandelbar” (www.unfairhandelbar.de), where they provided critical views on TTIP and informed members about discussion events and TTIP demonstrations. The British NGO sector created a similar counterpart “NoTTIP” (http://www.nottip.org.uk/) with around 50 members and equally organised discussion events and demonstrations. With regard
to the ISDS, the German NGO alliance demanded in ‘legal protection for people – instead of privileged right of action for corporations [and they] reject international corporations being awarded their own special rights to take action against governments’ (Forum on Environment and Development 2014: 2). Both the former, the bias towards investors (not citizens) and especially the latter, the protection of rights of foreign investors (not national) was severely criticised and rejected by NGOs both in Germany and in Britain as it ‘threatens to undermine the most basic principles of democracy’ (Hilary 2015: 30). With regard to the position on food safety standards, NGOs in both countries feared that the agreement would result in a so-called ‘race to the bottom’ in European food safety standards. The ‘TTIP unfairhandelbar’ NGO alliance stated following demands:

“The more stringent European standards are non-negotiable. They must be neither lowered nor undermined by a mutual recognition of US-American and European standards. In addition, a comprehensive duty to label contents and manufacturing and treatment methods is a mandatory requirement – also for processed products” (Forum on Environment and Development 2014: 2).

In a position paper of October 2015, the British NGO War on Want (member of the ‘NoTTIP’ alliance) voiced its concern with regard to TTIP’s impact on public services, in specific the ‘further market opening’ or the potential ‘to lock-in past privatisations of the NHS’ by stating that

“The only measure to effectively protect public services from the great trade attack would be a full and un-equivocal exclusion of all public services from any EU trade agreements and the ongoing trade negotiations” (War on Want 2015: 46).

**German and British governmental trade policy positions**

**TTIP: A weak and inconsistent backing from the German Government**

In its coalition agreement the Christian Democratic (CDU) /Social Democratic (SPD)-led government clearly stated the commitment towards a speedy conclusion of TTIP (CDU 2013: 13). The German government however adopted a sceptical stance in 2014 with regard to the ISDS issue. Opposition came especially from the governing Social Democrats calling for the exclusion of the mechanism in TTIP. In March 2014, the Social Democrats’ party leader, Vice Chancellor, and Economics minister, Sigmar Gabriel emphasised the governments’ position in a letter to then EU Trade Commissioner De Gucht. Gabriel wrote that the US and Germany already offered adequate legal protections to investors, so that ISDS provisions would not be required in a transatlantic agreement (BMWi 2014). Chancellor Merkel, leader of the CDU, diluted concerns and defended TTIP by stating
“I believe that the transatlantic free trade agreement offers us many new opportunities. It also offers us the opportunity to provide a new international standard for investment protection. (...) Investment protection has never really interested anyone in the German public for many years. We have negotiated investment protection agreements for decades, and there has never been a public debate. Now there is a public debate. Furthermore, these agreements were of great importance to many companies in Germany because they were protected from arbitrary situations in certain countries to which they would otherwise have been exposed. (...) At the end of the negotiations, we want to reach a good, fair and at the same time ambitious agreement, which has many winners” (Merkel 2014).

Since then, the SPD had somewhat rowed back concerning its ISDS position. This had been highlighted by the governments’ position towards the CETA FTA which equally included an ISDS mechanism. After having vehemently rejected investment protection clauses in this FTA, Gabriel backed down and stated that ‘acting in a European environment [one] should also listen to the opinions of other countries’ (Sarmadi 2014). At the 2015 TTIP congress of the CDU/CSU parliamentary group in the German Bundestag, Merkel called for support for the transatlantic project.

“More trade offers businesses, consumers and service providers a fantastic opportunity (...). Increased sales will generate more jobs. This, along with lower prices and a wider spectrum of products, is the greatest advantage for consumers (...). Our standards, for instance on consumer protection, environmental protection and health protection are non-negotiable” (Merkel 2015).

The BMWi and the DGB released a joint paper in which it was made clear that although they did not represent the same positions towards TTIP, they did stress that the TTIP trade negotiations provided an opportunity to intensify trade relations which would make trade fair and sustainable. Both BMWi and DGB emphasised however that trade issues such as workers’ rights, consumer protection, social and environmental standards were not to be jeopardised (BMWi 2014a: 1). This joint paper illustrates that the German government was responsive to domestic interests both in favour of TTIP and to those interests who were more reluctant about the agreement. Its position was thus shaped by the ambivalence of domestic interests but fully represented these. In addition, concerning commercial trade issues (regulation and safety standards), the German government’s position equally corresponded to the demands of domestic ideas.

**TTIP: A strong and consistent backing from the UK Government**

When TTIP negotiations were launched UK Prime Minister David Cameron said that
“there is no more powerful way to achieve that [economic growth] than by boosting trade. And there’s no better way than by launching these negotiations on a landmark deal between the European Union and the United States of America; a deal that could add as much as £100 billion to the EU economy, £80 billion to the US economy and as much as £85 billion to the rest of the world” (Cameron 2013).

These figures were restated in the UK government’s paper on TTIP, published in July 2014, which highlighted the potential benefit to the UK economy ‘an ambitious agreement could strengthen this relationship adding as much as £10 billion annually to the UK economy in the long-term. For individuals, this means more jobs and reduced prices for goods and services’ (UK Government 2014: 5). The government had tried to soften concerns about the NHS being included into TTIP and about the challenges the potential ISDS provisions could have on the public sector. Lord Livingston of Parkhead, then BIS Minister of State emphasised that ‘TTIP will not change the fact that it is up to the UK to decide how public services, including the NHS, are run’ (BIS 2014). Prime Minister David Cameron acknowledged the concerns about the public with regards to the NHS but equally stressed the fact that TTIP would not have any effect on this. He stated that

‘we have to take on the arguments against [TTIP]. I think there are very weak. There are people who argue in some way this could damage the National Health Service. I think that is nonsense. It’s our National Health Service. It’s in the public sector; it will stay in the public sector. That’s not going to change. It will remain free at the point of use. There is no threat, I believe, from TTIP to the National Health Service and we should just knock that on the head as an empty threat’ (Cameron 2014).

The UK government had brought arguments in favour of the ISDS that such provisions would need to find the right balance between investment protection and the rights of the national government to regulate (BIS 2015). On the other hand, the UK had signed numerous trade agreements and had never had any problems so far. According to then BIS Secretary of State, Vince Cable, “so far there has not been a single successful ISDS case brought against the UK. Neither the investment protection provisions nor decisions arising from ISDS cases will affect the ability of the UK government to regulate fairly and in the public interest” (Cable 2014).

**Conclusion**

German and British governmental trade policy positions towards TTIP were strongly shaped by domestic ideas and interests. This result is in line with the societal approach to governmental preference formation which was used to theoretically stress the importance of domestic variables and to empirically examine in which of these was more dominant and
under which conditions, in shaping British and German governmental trade positions during TTIP negotiations. The societal approach argues that governmental trade positions are predominantly shaped by interests if the issue at stake concerns distributional consequences for specific sectors, while ideas dominate when these sectors are affected diffusely and fundamental concerns on the role of government in steering the economy are at stake. Divergence was identified between the two countries and with regard to the TTIP issues under scrutiny.

With regard to TTIP’s potential economic costs and benefits, German governmental positions predominantly corresponded to domestic interests, directly affected by potential TTIP distributional consequences. These concerns were not identical, as business associations were strongly supportive of TTIP but trade unions were more reserved. The German government included these ambivalent sectoral interests in its position. In accordance with H1, this impact on specific sectors prompted sectoral interests to articulate their concerns, through intense lobbying, which in turn, shaped the German governmental trade position. With regard to H2 and the fundamental concerns about the role of government in steering the economy, here the ISDS and food safety standards issues, the German TTIP stance correlated with the institutions of the CME and corresponded to domestic ideas of trust in regulation, which led to an inconsistent and weak governmental stance. Overall it should be noted however, that with the German government in favour of TTIP, domestic interests were predominant in the government’s trade policy position.

The British governmental position was shaped by the sectoral interests of business associations and the trade union directly impinged by potential distributional concerns. Due to these sectoral interests being highly in favour, they shaped a consistent and strong British governmental trade position, in line with H1. The British stance also correlated with the institutions of the LME as well as with domestic ideas of trust in market forces. Contrary to the German governments’ position, the UK’s position was not so much shaped by the ambivalence of domestic interests but corresponded more to the domestic interests in favour of TTIP. In addition, concerning commercial trade issues (regulation and safety standards), the UK’s government’s seems to have a weak correspondence to the demands of domestic ideas. Overall it should be noted therefore, that domestic interests were predominant in the UK government’s trade policy position.
The aim of this study, both the large systematic investigation of the EU-Korea FTA negotiations, as well as this much smaller empirical abstract of the TTIP negotiations, was to close the research gap on the limited knowledge of countries’ trade positions by calling for stronger focus on the domestic level and to the origins of countries’ positions. Application of the societal approach has evidenced that it is a useful and complementary domestic actor-centered approach which can explain diverging governmental trade positions within a communitarised EU policy field, thereby making a significant contribution to EU trade policy literature and research.
# EXPERT INTERVIEWS

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Curriculum Vitae

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EDUCATION
Since October 2007   Ph.D. Candidate, Chair for International Politics,
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October 2002 – February 2007   M.A. European Culture and Economy (ECUE) at
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Master’s Thesis: Political Contestation towards European Integration. Euroscepticism and the
Rejection of the Constitutional Treaty in France and the Netherlands; Why the French and Dutch
voted No.
October 2000 – February 2002  B.A. Media and Communication Studies at the Ruhr University Bochum, Germany. Exchange student Erasmus.

October 1998 – February 2002  B.A. Communication with Modern Languages (German and French) at the Robert Gordon University, Aberdeen, Great-Britain.

1995  Highschool Highers, Glen Urquhart Highschool, Drumnadrochit, Great-Britain.

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FUNDING

September 2017  Stipend from the RUB Research School PLUS to attend the EISA 11th Pan-European Conference on International Relations, 13-16 September 2017, Barcelona.

September 2013  Stipend from the RUB Research School PLUS to attend the 8th Pan-European Conference on International Relations, 18-21 September 2013, Warsaw.

April 2013  Stipend from the RUB Research School PLUS to attend the EU and Emerging Powers Conference, European Parliament, 29-30 April, Brussels.

March 2013  Stipend from the RUB Research School PLUS to attend the DVPW Themenoffene Tagung der IPÖ Nachwuchs-WissenschaftlerInnen, Dominanz der Wirtschaft, Wiedererwachen der Politik, internationale politische Ökonomie, 21-22 March, Universität Heidelberg.

September 2010  Stipend from the Ruhr University Bochum to attend the SGIR Conference, 09-11 September 2010, Stockholm.

September 2010  Stipend from the DAAD to attend the SGIR Conference, 09-11 September 2010, Stockholm.

April 2010  Stipend from the Ruhr University Bochum to attend the GARNET EU in International Affairs Conference, 22-24 April 2010, Brussels.

March 2010  GARNET honorarium for the GARNET Ph.D. School Alumni Conference, March 4-5, Brussels.

September 2009  ECPR mobility fund for the 5th ECPR General Conference, 10-12 September, Potsdam.
PUBLICATIONS

Edited Volume


Chapter in Edited Volume


Journal Article
Diverging German and British Governmental Trade Policy Preferences in the Transatlantic Trade and Investment Partnership (TTIP) Negotiations, accepted for publication in the Journal of Contemporary European Studies (JCES).

Working Paper

Book reviews


Other publication

Ph.D. SCHOOL PARTICIPATION

4 – 5 March 2010  
GARNET Ph.D. School Alumni Conference, Global Governance, Regionalism and the Role of the EU: Facing the Emergence of a Multipolar World, Residence Palace Brussels.

8 – 12 June 2009  

AWARD

12 June 2009  
Ph.D. School Chair Holder of the 8th GARNET Ph.D. School of Global Governance, Regionalism and the Role of the EU entitled: Challenges and Debates – Shaping IR Theory in the Early of the 21st Century.
CONFERENCE ORGANISATION

22 – 24 April 2010  Panel Chair: The EU in the Global Political Economy at the GARNET The EU in International Affairs Conference 2010 Brussels, Belgium.

CONFERENCE PRESENTATION


28 – 29 May 2008  EU Interregionalism in the ‘Near and Far Abroad’: A Comparison of Existing and Emerging Cases, paper presented at the XII International Conference of Young Scholars: “Crucial Problems of International Relations through the Eyes of Young Scholars,” the Jan Masaryk Centre of International Studies, University of Economics in Prague, Czech Republic.

RESEARCH INTERESTS

TEACHING AREAS (Undergraduate)

Summersemester 2017
Die EU in der Global Governance

Wintersemester 2016/2017
Actors and Developments in EU Trade Policy: An Examination of EU Free Trade Agreements

Summersemester 2016
Die EU als globaler Akteur (e-Learning Label)

Wintersemester 2015/2016
Transatlantische Beziehungen zwischen Konflikt und Kooperation (e-Learning Label)

Summersemester 2015
Die Außenbeziehungen der EU (e-Learning Label)

Wintersemester 2014/2015
Domestic Politics in der EU Außenhandelspolitik (e-Learning Label)

Summersemester 2014
Transatlantische Beziehungen zwischen Konflikt und Kooperation (e-Learning Label)

Summersemester 2014
Die EU in den Internationalen Beziehungen (e-Learning Label)

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Domestic Politics and International Trade (e-Learning Label)

Summer Semester 2013
Simulation: WTO-Doha-Round of World Trade Negotiations (e-Learning Label)

Summer Semester 2012 (e-Learning Label)
Internationale Politik und Terrorismus

Winter Semester 2011/2012 (e-Learning Label)
The EU: A Quietly Rising Superpower

Summer Semester 2011
Maternal/Parental Leave (02.02.2011 – 01.10.2011)

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Zwischenstaatliche Kooperationen

Summer Semester 2010:
The EU and its Strategic Partners

Winter Semester 2009/10:
Die internationalen Beziehungen der Europäischen Union

Summer Semester 2009:
“Global Europe”: The EU Competing in the World Economy

Winter Semester 2008/09:
“Von Alaska bis Feuerland” – Politische und Ökonomische Kooperation in den Amerikas

Summer Semester 2008:
Theory and Practice of Regional Integration

Winter Semester 2007/08:
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TEACHING AREAS (Graduate)

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DEPARTMENTAL SERVICES

December 2016 Representative of the Faculty of Social Science Examination Board ‘Optional Bereich’.

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October 2013 Member of the Evaluation Committee „Soziologie der Entwicklung und der Internationalisierung“.

Since October 2011 Student Counsellor of the M.A. course “Globalisation, Transnationalisation and Governance” (GTG).

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20 May and 24 Jul. 2009 Member of the project “Lehre im Dialog” (IFB), Faculty of Social Sciences, Ruhr University of Bochum.

April 2009 – April 2016 Member of the Library Commission, Faculty of Social Sciences, Ruhr University of Bochum.

October 2007 – July 2008 Erasmus Coordinator, Faculty of Social Sciences, Ruhr University of Bochum.

ADVANCED TRAINING SEMINARS


06 – 07 August 2013 Planspielen in der Lehre Raum geben – Planspieltage für Geistes- und Gesellschaftswissenschaftler/innen (Björn Warkally und Simon Raiser).

24. June 2013 Workshop ‘Schreiben in vielen Sprachen’ (Dr. Ulrike Langen).

29 – 30 July 2011 Workshop ‘Qualitative Contents Analysis’ (Dr. Özen Odag/BIGGS).
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European Union Studies Association (EUSA)
European International Studies Association (EISA)
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Dutch Political Science Association (NKWP)

Reviewing:
Cambridge Review of International Affairs (CRIA)
European Integration online Papers (EIoP)
Journal of Common Market Studies (JCMS)
Journal of Contemporary European Research (JCER)
Political Studies Review (PSR)
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German:  moderate writing, excellent speaking and reading skills

Bochum, Juli 2017.
ERKLÄRUNG

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