THE IMPACT OF TRADE AGREEMENTS ON DIPLOMATIC COOPERATION:

The Transatlantic Trade and Investment Partnership Case Study

by

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ABSTRACT

This thesis explores the intricate relationship between international trade, economic diplomacy, and geopolitics. It focuses specifically on the case of the Transatlantic Trade and Investment Partnership and investigates whether the failure of TTIP has affected the broader political and diplomatic alignment between the EU and the U.S. Through a congruence analysis, integrating data and comparative analysis, this research employs International Relations theories to examine the case of TTIP, drawing on competing realist and liberalist schools of thought to assess how the case and its broader explanations can be best explained. Drawing on insights from scholars, think tanks, and geopolitical context, this thesis delves into specific research questions concerning transatlantic relations, trade policies, tariffs, diplomatic negotiations, and geopolitics.

The study highlights how the collapse of TTIP negotiations marked not only a halt in economic integration but also a moment of strategic divergence between the EU and the U.S., itself rooted in evolving geopolitical priorities and shifts in global power dynamics. While liberal perspectives emphasise the missed opportunity to institutionalise economic interdependence and foster cooperative governance, realist interpretations underscore the reassertion of national interests, protectionism, and strategic recalibration. By positioning the TTIP within a broader geopolitical framework - particularly in light of rising tensions with Russia and China, the shifts in multilateral diplomacy, and the reconfiguration of global supply chains - this thesis contributes to a deeper understanding of the impact of trade agreements on diplomatic relations between the European Union and the United States.

Keywords: TTIP, Transatlantic relations, Economic diplomacy, International trade, Geoeconomics, Geopolitics, United States, European Union

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TABLE OF CONTENTS

LIST OF FIGURES

List of Tables

CHAPTER I

INTRODUCTION

In 2013, the United States and the European Union launched negotiations for the Transatlantic Trade and Investment Partnership (TTIP), which was conceived as a cornerstone of transatlantic economic integration (Ries, 2014). Washington and Brussels intended to develop the most ambitious free trade agreement ever attempted; however, although primarily designed as an economic agreement, TTIP’s potential implications extend far beyond the reduction of trade barriers and liberalisation of markets. Through the establishment of a robust framework for transatlantic economic cooperation, and fostering regulatory alignment, TTIP was meant to become a paramount pillar of the transatlantic bridge. By reaffirming a shared commitment to a rule-based global order led by both economic giants (Felbermayr, 2016), TTIP scope appeared extremely relevant in a global context marked by shifting geopolitical dynamics and the rise of China as a challenger to the U.S.-led international order (Puslecki, 2017).

Despite the strategic ambition underpinning the negotiations, TTIP eventually failed to be realised after years of stagnation. Its demise revealed deep economic tensions and strategic changes on both sides of the Atlantic, raising crucial questions about the future of the transatlantic alliance and the resilience of Western economic diplomacy (Young, 2017) in a context characterized by public discontent, domestic opposition, and the volatile international landscape.

As a result of TTIP’s failure, the effectiveness of economic diplomacy, which has traditionally been seen as pivotal in international relations, has come under increased scrutiny. While trade agreements such as the TTIP have historically served as both diplomatic and economic tools, it remains unclear whether their failure can independently contribute to the deterioration of broader political relations or whether strategic alliances can persist despite economic disengagement. Nonetheless, the deterioration of institutionalised economic ties may undermine long-standing partnerships, erode common global political visions, and weaken policy coordination. This uncertainty raises the question of whether the diplomatic alignment between the EU and the U.S. was significantly impacted by TTIP's failure or whether the diplomatic relationship persisted unaffected despite the economic setback.

The following research question therefore guides the thesis:

"Did the Transatlantic Trade and Investment Partnership (TTIP) failure influence diplomatic alignment between the EU and the U.S., particularly in light of rising geopolitical tensions?"

This thesis aims to answer this question by employing a congruence analysis approach, exploring how the failure of a major trade agreement can reshape the dynamics of diplomacy and multilateral cooperation in the context of broader geopolitical uncertainty.

1.1 Research Objective

The primary objective of this thesis is to assess whether the failure of the TTIP agreement produced independent effects on the diplomatic relationship between the EU and the U.S. It considers the extent to which the agreement's collapse may have been symptomatic of broader, pre-existing strategic shifts between Washington and Brussels. An alternative explanation is that the difficulties in post-TTIP diplomatic relations may primarily reflect these underlying shifts—factors that not only shaped the context after the agreement's collapse but may have contributed to its failure. Through the analysis of the liberal and realist perspectives, which both provide compelling explanations of the relationship between trade negotiations and broader diplomatic cooperation, the research aims to determine which sub-theory better accounts for TTIP's failure and its consequences, ultimately providing the most accurate framework. In examining these theoretical debates, this study considers the volatility of the geopolitical landscape, the rise of China, the redefined global supply chains, the reassertion of protectionism, and the erosion of the international liberal order. Its relevance is reinforced by the growing tension between the EU and the U.S., not only as a potential result of the failed TTIP agreement but also due to broader strategic shifts under Trump's mandates and beyond. Understanding the effects of TTIP's failure on EU-U.S. diplomatic relations is therefore crucial for comprehending whether this setback has influenced the trajectory of transatlantic cooperation and the evolving international landscape.

1.2 Conceptual Clarification

To measure the outcomes and implications of TTIP's failure in terms of *diplomatic alignment*, this thesis defines alignment as the degree of political coordination, convergence, and consistency in foreign policy behavior between the EU and the U.S. across multilateral institutions. This includes voting patterns, shared initiatives, institutionalized cooperation. This operationalisation allows for the assessment of alignment as a set of observable diplomatic practices, rather than a vague notion of "cooperation."

1.3 Academic Relevance

This study contributes to the existing literature on international trade negotiations and transatlantic relations by addressing the consequences of TTIP's failure rather than its causes. While much scholarly work has examined why the agreement collapsed, few have explored how its breakdown reshaped EU-U.S. diplomatic dynamics in the context of shifting global power structures. By utilising congruence analysis, the research intends to assess the explanatory capacity of realist and liberal theories in the context of economic diplomacy and international relations. The study challenges the liberal assumption that increased trade relations inherently result in enhanced political alignment, demonstrating that strategic differences can supersede economic motivations. Additionally, it evaluates realist expectations about state behavior within a globalized economic framework, particularly in the context of emerging multipolarity. Nonetheless, this study potentially uncovers a more nuanced understanding of how failed trade negotiations can signal or accelerate diplomatic realignment. It also provides a framework for analyzing future large-scale trade initiatives, particularly under conditions of geopolitical uncertainty.

1.4 Societal Relevance

This study is societally relevant as it helps to understand how the failure of trade negotiations can impact international relations, which, in turn, can directly influence global political stability, economic cooperation, and collective security. Understanding the extent to which economic disruptions impact strategic alliances is crucial for informed public debate and effective governmental decision-making amid rising protectionism and geopolitical tensions. This knowledge may help stakeholders and policymakers forecast obstacles and develop more effective approaches for future negotiation strategies. This research also holds its relevance as TTIP negotiations sparked intense debate and mobilisation across European civil society (Auffret et al., 2015; DeVille, 2018). To conclude, given the deep EU-U.S. interdependence, any disruption to the transatlantic partnership – which remains one of the most influential in global affairs - could alter the international landscape as well as governments and businesses on both sides of the Atlantic.

1.5 Thesis Outline

This thesis will be structured into seven chapters. Chapter 2 will provide a literature review of the case, examining its background, negotiations, broader geopolitical implications, and the dynamics around economic diplomacy. In Chapter 3, the theoretical framework will be outlined, with a specific focus on the sub-theories chosen to formulate the theoretical propositions. Chapter 4 will present the methodological research design, the sources used, and the operationalisation. Chapter 5 will be dedicated to analysing the data gathered on the diplomatic consequences of TTIP's failure; Chapter 6 will discuss the findings related to the theoretical propositions. Lastly, Chapter 7 will answer the research question and reflect the broader implications of the study.

CHAPTER II

RELEVANT LITERATURE REVIEW

The existing literature dealing with the various aspects of the thesis is wide, although many studies concentrate on the economic consequences of international trade negotiations. However, fewer assess how the failure of major trade agreements, such as TTIP, impacts diplomatic relations and broader geopolitical dynamics. This section explores key scholarly debates that contribute to the understanding of the broader impact of TTIP's failure on EU-US relations and their partnership.

2.1 Historical Overview of the TTIP

TTIP negotiations, formally launched in 2013, aimed to establish the world's largest free trade area. The expectation was that TTIP would have fostered political integration and strengthened transatlantic collective leverage in global trade dynamics by harmonizing regulatory frameworks and expanding market connectivity (Korteweg, 2016). However, TTIP carried significant geopolitical implications in addition to its economic ones. Scholars such as Puslecki (2017) highlighted the strategic dimension of the agreement, particularly as a counterbalance China's and other emerging countries growing economic influence. To this extent, TTIP was not only about fostering economic efficiency but also about reaffirming the leadership of liberal market democracies (Felbermayr, 2016).

In this context, projections of increased GDP growth, job creation, and fostered competitiveness (The White House, 2013) fostered early enthusiasm around the negotiations. However, as negotiations progressed, TTIP started to encounter opposition from civil society organizations (CSOs), consumer advocacy groups and populist leaders. Growing resistance led to widespread public protests, particularly in Europe, where fear of lowering environmental and health standards turned public opinion against TTIP (Auffret et al., 2015; DeVille, 2018). This suggests that domestic politics and societal resistance play a crucial role in shaping international economic negotiations, an aspect that must be considered when analysing trade agreements as instruments of diplomatic alignment (Young, 2016).

The political climate on both sides of the Atlantic further complicated negotiations. The rise of populist movements, increasing skepticism toward globalisation, and the changing priorities of the U.S. administration following Donald Trump's 2016 election all contributed to the stagnation of discussions. Despite the initial momentum, negotiations ended without a final agreement at the end of 2016. TTIP was never concluded, being declared obsolete and formally archived by the European Commission in 2019.

2.2 Economic Diplomacy and Trade

Economic diplomacy broadly refers to the use of economic tools and state instruments to influence international trade, and investment flows, and achieve national interests (Chohan, 2021). It concerns all the international economic activities of a nation as well as economic policy issues related to imports, exports, free trade agreements, commerce, and foreign aid. Modern economic diplomacy has evolved to integrate elements of trade, commercial, and financial diplomacy, encompassing both bilateral initiatives and multilateral engagement in trade institutions.

Trade agreements are increasingly viewed as instruments of economic diplomacy, as they institutionalize cooperation in key areas such as labor rights, environmental regulations, and global governance norms, making them crucial diplomatic tools even beyond economic concerns (Messenger, 2025). According to Krasner (1982), trade agreements create international regimes that stabilize expectations and facilitate multilateral governance; even when formal agreements fail, their frameworks often persist in shaping diplomatic behavior. Theoretical approaches such as regime theory help explain the persistence and influence of trade institutions in international affairs. This suggests that economic diplomacy, through the formation of such regimes, plays a crucial role in sustaining international cooperation beyond the immediate success or failure of specific agreements.

Recent scholars have questioned the growing use of trade policy to achieve foreign policy goals, a trend exemplified by strategies such as "friend-shoring" and linkage politics. For instance, Wolfe (2024) assumes that these practices challenge multilateralism by aligning trade preferences with strategic alliances, potentially marginalising WTO norms, and exacerbating fragmentation in the global trade system. Wolfe's analysis of trade policy as a form of "selective economic diplomacy" raises concerns over the erosion of non-discriminatory trade principles, particularly when economic decisions are motivated by political alignment rather than comparative advantage.

The growing instrumentalization of trade, in which economic tools are used to pursue ideological or strategic objectives, has introduced new tensions into global trade governance

(Columbia SIPA, 2020). While economic interdependence has historically been seen as a force for peace and stability (Copeland, 2015), its instrumentalization for strategic ends risks turning trade policy into a battleground for power politics. To this extent, the failure to conclude TTIP negotiations may have weakened mutual trust between the EU and the U.S., which had long promoted transatlantic cooperation. Nonetheless, it may also be interpreted as an indicator of diverging strategic priorities or a reduction in willingness to cooperate – both of which can erode diplomatic alignment over time (Meunier & Nicolaïdis, 2019).

In a globalised landscape where trade is utilised as a geopolitical tool, the breakdown of trust appears particularly important. For instance, this is demonstrated by the EU's adoption of the Anti-Coercion Instrument (ACI) in 2023, which reflects a more proactive approach to trade policy and exemplifies its efforts to deter third countries from using economic coercion to target the EU or its member states (Freudlsperger & Meunier, 2024). This shift reflects a larger pattern in which trade policy is becoming increasingly associated to foreign policy objectives rather than being exclusively related to an economic domain. As a result, the failure of a major trade agreements, such as TTIP, may strengthen views perceptions of unreliability or rivalry among allies, particularly whether negotiations fail within broader political tensions, such as the rise of U.S. protectionism under the Trump administration (De Ville, 2018).

Overall, these dynamics have underscored a key tension in economic diplomacy. While trade agreements and economic interdependence can foster cooperation and align interests, their politicisation and weaponisation may also intensify tensions, particularly when viewed as imposing foreign norms or compromising domestic sovereignty (De Ville & Siles-Brügge, 2015).

2.3 Trade Agreements in International Relations Theories

Understanding the theoretical foundations of how trade agreements impact international relations is crucial to assess the broader diplomatic implications of their success or failure. In the context of TTIP, two schools of thought – liberalism and realism – provide contrasting perspectives on the role trade agreements play in designing diplomatic alignment. While both recognise the political components of economic cooperation, they diverge in how they view the implications of trade breakdown.

As far as liberal theories are concerned, trade agreements are considered tools that not only enhance economic cooperation but also strengthen political and diplomatic ties between participating nations (Young, 2016). Keohane and Nye's (1977) theory of complex interdependence has highlighted how economic interconnections shape international relations, arguing that trade agreements often reinforce strategic alliances by embedding states into predictable economic frameworks, reducing the likelihood of conflict (Keohane, 1984). According to this view, trade agreements like TTIP act as mechanisms of "locking in" diplomatic commitments, making defection from cooperation more costly for states (Moravcsik, 1997). By creating institutionalised economic interdependence, trade agreements play a crucial role in maintaining economic stability and political alignment in multilateral organisations (Ikenberry, 2018). Such agreements can solidify alliances and foster long-term diplomatic cohesion by creating structured cooperation mechanisms (Ries, 2014). On the other hand, their failure can lead to significant diplomatic shifts, revealing underlying tensions and altering the trajectory of international relations.

Contrarily, realist scholars suggest that trade agreements are ultimately secondary to geopolitical interests and can be abandoned when strategic priorities shift (Mearsheimer, 1994; Tellis, 2014). From a realist perspective, agreements like TTIP are subordinate to the pursuit of national power and security interests (Mearsheimer, 1994). In the case of TTIP, the breakdown of negotiations coincided with a period of transatlantic tension, as the Trump administration pivoted towards a more protectionist trade stance, imposing tariffs on European steel and aluminum, raising national security concerns (Puslecki, 2017).

Hence, the failure of the TTIP serves as a test to assess these divergent theories. A liberal reading would contend that its collapse damaged transatlantic diplomatic coherence by eliminating an institutional framework that generated trust and mutual commitment. A realist approach, on the other hand, would see the failed accord as a symptom rather than a cause of pre-existing strategic disagreement, with little independent impact on the overall trajectory of EU-U.S. relations.

2.4 Broader Geopolitical Implications

While much of the literature on trade agreements has concentrated on their economic and institutional dimensions, a small and recent branch highlights the broader geopolitical implications embedded within these arrangements. This perspective is particularly crucial, as an understanding of TTIP exclusively through the lens of regulatory convergence or economic liberalization risks neglects the strategic motivations and consequences underpinning such negotiations.

Dadush and Dominguez Prost (2023) argumentation that Preferential Trade Agreements (PTAs) are not merely economic instruments, but geopolitical tools aimed to shape economic spheres of influence and counterbalance rival powers, which aligns with neorealist perspectives (Mearsheimer, 1994). Nevertheless, as noted by Hopewell (2020), global trade governance has become a more contentious arena, where institutional frameworks such as the WTO, and, by extension, large-scale PTAs, are subject to geopolitical tensions, particularly between the U.S. and China. Rather than functioning as neutral arenas for cooperation, trade institutions now serve as arenas for power projection, norm-setting conflicts, and ideological rivalry. In this shifting environment, the breakdown of TTIP can be interpreted as a component of the wider unraveling of the post-Cold War liberal order and the rise of a more competitive and fragmented global trade landscape.

Alternative trade agreements such as the EU-Japan Economic Partnership Agreement and the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP), gained prominence as a result of the EU and the U.S. failed to establish a unified regulatory framework. Moreover, TTIP episode highlighted the erosion of the transatlantic consensus not only on trade, but also on security and global governance more broadly, emphasizing a shifting from a transatlantic-centric order. Debates over NATO commitments, divergent approaches to climate policy, and tensions over digital sovereignty all fed into the broader political context that complicated TTIP negotiations. This has been remarked by the EU's pursuit of independent trade agreements with other global actors, such as the Comprehensive Economic and Trade Agreement (CETA) signed with Canada in 2017, and the re-evaluation of EU-China relations (Meunier & Nicolaïdis, 2019).

2.5 Final Remarks on the Literature

In all its branches, the literature reveals a complex interplay between international trade, geopolitics, multilateralism, and global governance. Indeed, the literature highlights that while trade agreements might have historically played a crucial role in promoting diplomatic stability, their failure might result in specific geopolitical realignments. To this extent, the collapse of TTIP's negotiations provides a case to evaluate and investigate how trade agreements shape diplomatic relations.

CHAPTER III

THE THEORETICAL FRAMEWORK

This chapter outlines the fundamental principles and relevant sub-theories of realism and liberalism, followed by their correlation with the case analysed.

3.1 Realism

The realist doctrine has a long-standing tradition, which birth dates to Thucydides' *History of the Peloponnesian War* (c. 500 BCE) and Machiavelli's *The Prince* (1532). Realists are pessimistic, assuming an anarchic international system with no overreaching authority above states (Waltz, 1979). Realists remain skeptical of long-term progress in state interactions - as unlike domestic politics, where laws and public institutions enforce order, international relations operate without a global government capable of regulating the interactions between sovereign nations and enforcing lasting stability (Aron, 1962; Mearsheimer, 2001).

States are the primary actors in international politics, each possessing their sovereignty and acting mainly in pursuit of national interest, which is closely linked to territorial integrity, citizen welfare, and, most crucially, security (Morgenthau, 1948). Since no higher authority guarantees security, nations must ensure their survival through military capabilities, leading to a self-help system in which each state is responsible for its defence. This anarchic structure results in limited cooperation between states, as agreements lack external enforcement, making commitments fragile and potentially exploitable.

Power is thus a fundamental tool for states, with realist scholars often emphasising military power as the key determinant of strength, although economic power has gained recognition over time. The realist worldview rejects the idea that international organisations can mitigate the international anarchy in which nations are embedded (Mearsheimer, 1994). Instead, global politics are seen as a constant struggle for dominance, marked by main rivalries and conflicts. To this extent, some scholars argue that a balance of power among dominating powers can serve as a mechanism to limit major wars, as equilibrium by competing forces is the only means of maintaining order in international politics.

Neo-realism marks a shift from classical realism's focus on human nature, instead emphasising the anarchic structure of the international system as the main driver of state behavior. Kenneth Waltz is the real founder of neo-realism, as in his book *Theory of International Politics* (1979) applies the systemic approach to nations' behaviors, as they are influenced by the system itself rather than the opposite.

3.1.1 Offensive Realism

While Waltz is considered the main exponent of defensive neo-realism, John Mearsheimer (2001) advances an offensive variant of neo-realism, arguing that the anarchic structure of the international system compels stares not merely to seek survival, but also to maximise their relative power. In his prominent book *The Tragedy of Great Power Politics* (2001), Mearsheimer asserts that great powers are inherently revisionists, constantly searching for ways to enhance their influence at the expense of rivals. Unlike Waltz's defensive realism, which sees excessive accumulation of power as potentially counterproductive due to balancing responses, Mearsheimer concludes that the best strategy for ensuring survival is to become the hegemon in one's region. He introduced the concept of regional hegemony, asserting that no state can achieve global dominance due to geographic and strategic constraints, but can aspire to dominate its region (2014). To this extent, the American scholar asserts that the United States has been the only regional hegemony in modern history, through the dictates of offensive realism and the Monroe Doctrine, defeating and dismantling the other aspiring hegemons of the region. Mearsheimer's perspective underscores the inevitability of conflict and competition in international relations, rooted not in human nature but in the structure of the international system.

3.1.2 Realist Perspectives on TTIP

From the offensive realism perspective, the Transatlantic Trade and Investment Partnership was not merely a project of economic liberalisation, but instead, a tool to foster a strategic position in the evolving global power landscape. Offensive realists argue that states engage in economic agreements not out of idealistic commitment to cooperation, but instead to enhance their relative power and influence within the international system (Gilpin, 1987; Mearsheimer, 2001). In this view, the TTIP was a geopolitical manoeuvre aimed at consolidating Western economic dominance and counterbalancing the rise of China and other emerging powers seeking to shape an alternative world order.

The agreement's ambition to set global regulatory standards is interpreted by realists as an attempt by the U.S. and EU to entrench their rule-making capacity and contain China's growing assertiveness, especially as Beijing advanced initiatives such as the Belt and Road and the Regional Comprehensive Economic Partnership (Mattlin & Wigell, 2016). Western efforts highlight the zero-sum logic of power politics that underpins offensive realism, in which nations seek supremacy over rivals to ensure long-term survival (Mearsheimer, 2014).

Realist tradition questions liberal trust in economic interdependence as a source of peace. As Mearsheimer (2014) notes, "It is possible for a country to fight a war against a rival with which it is economically interdependent and not threaten its own prosperity." Levy and Barbieri (2004) similarly show that states frequently continue trading with adversaries during wartime - even in large-scale conflicts - undermining the notion that commerce naturally fosters peace. Thus, TTIP failure was more than a negotiation failure, but also a strategic setback. Its dissolution, along with the resurgence of protectionist rhetoric, imposition of tariffs on European goods, and criticism of multilateral institutions under the Trump administration, indicated a resurgence of self-help behavior, as predicted by offensive realism (Allison, 2017; Mearsheimer, 2019).

From this perspective, the TTIP's collapse revealed the weakness of liberal economic assumptions when confronted with the hard calculus of national interest and relative gains (Waltz, 1979; Mearsheimer, 2001). Nevertheless, according to this view, the aftermath of TTIP's may reflect the fragility of alliance-building in the anarchic system, or whether the strength of transatlantic relations persisted due to common strategic priorities.

3.2 Liberalism

Liberal doctrine is characterised by the belief in progress and possibility of peaceful cooperation, presenting an optimistic view of international relations which finds its groundwork in Immanuel Kant's *Perpetual Peace* (1975). Their philosophical starting point is the individual, with states being viewed as aggregations of individuals, rather than specific entities. Liberals argue that human nature is not inherently aggressive, but rather individuals are rational beings capable of peaceful coexistence; as a result, states can also cooperate under the right conditions (Doyle, 1986). A core liberal principle, in contrast to realism, is that nations can develop mutually beneficial relationships through diplomacy and economic interdependence (Keohane & Nye, 1977). Nevertheless, it claims that international anarchy is not an insurmountable obstacle; cooperation is possible through institutions, economic ties, and legal frameworks that promote stability and peace (Keohane, 1984). Kant (1795) theorised that peace is achievable under three key conditions: (1) the establishment of democratic institutions; (2) the development of international law; (3) the promotion of economic and political interdependence. This concept evolved into the Democratic Peace Theory, which suggests that democracies are less likely to go to war with one another (Doyle, 1986). Unlike realism's state-centric ontology, liberalism embraces ontological pluralism, considering multiple levels of analysis, including individuals, social groups, states, and international organizations (Moravcsik, 1997).

3.2.1 Institutional Liberalism

A major branch of liberalism is institutional liberalism, which arises from the observation of events occurring at the time, such as European integration, that began in the 1950s. This development was counterintuitive within the logic of the Cold War, as it overcame the mutual distrust resulting from decades of conflict and tension between European countries, specifically France and Germany. The key author associated with this perspective is David Mitrany, who, in the early 1940s, considered the possibility that states could establish closer cooperation not by addressing issues at the core of sovereignty, such as security, but by starting to collaborate on more technical matters, where common interests are easier to identify (Mitrany, 1943). Mitrany foresaw what would become the European integration process: starting with the coal and steel sectors, the need for cooperation extended to other domains, leading to broader economic cooperation. This "spillover" effect, central to neo-functionalism, highlights how cooperation in one sector can progressively extend to others (Haas, 1958).

In the 1970s, Keohane and Nye developed the concept of complex interdependence, recognising the increasing role of non-state international actors, such as multinational corporations, and the growing economic interconnectedness among states. This approach challenges the realist view that sovereign states dominate international politics. However, Kenneth Waltz criticises this perspective, arguing that excessive interdependence makes states vulnerable since interdependence is never symmetrical - some countries depend more on others and are therefore weaker (Waltz, 1979). The 1973 oil crisis reinforced this view, demonstrating that the most severely affected countries were those that had not developed sufficient power resources to reduce dependency. Keohane, however, responds to these criticisms in his book *After Hegemony* (1984), in which he argues that even in the absence of a hegemon like the United States, states will continue to cooperate because they derive benefits from international institutions built over time. Institutionalised cooperation persists because it provides tangible advantages, reduces uncertainty, and facilitates interaction among states.

3.2.2 Liberalist Perspectives on TTIP

From an institutional liberalism perspective, the Transatlantic Trade and Investment Partnership represented a strategic attempt to foster interdependence between the world's most advanced democratic blocs. TTIP was indeed expected to reinforce the liberal belief that trade reduces the likelihood of conflict and increases mutual trust (Moravcsik, 1997). Scholars such as Daniel S. Hamilton and Jacques Pelkmans (2015) argued that TTIP had the potential to "anchor the transatlantic partnership in a shared economic future" and "define the rules of global economic governance" in an increasingly multipolar world.

Liberals would expect a failure of TTIP to negatively impact diplomatic relations between the EU and the U.S., weakening the trust built through economic cooperation. According to the liberal theory, trade and interdependence are crucial in mitigating conflict, increasing trust, and promoting peaceful state behavior (Keohane & Nye, 1977; Moravcsik, 1997). The collapse of TTIP could be therefore interpreted as a halt in this interdependent relationship, potentially consuming collaboration and trust. This erosion may have tangible diplomatic consequences, such as decreased alignment in multilateral forums, reduced enthusiasm for future trade talks, and a weakening of the rules-based order both actors claim to support.

Institutional liberalism highlights that economic integration can generate spillover effects, creating momentum for cooperation in adjacent policy domains (Haas, 1958). By harmonizing regulatory standards and institutionalizing dialogue, TTIP aimed to foster spillover into areas such as environmental policy, labor rights, and digital governance. For instance, mutual recognition of product safety standards could have served as an incentive for joint initiatives on climate action, while collaborative frameworks for data flows might have anticipated subsequent conflicts concerning digital sovereignty. This aligns with Keohane and Nye's (1977) concept of complex interdependence, where economic ties create networks of transnational actors and issue linkages that incentivize sustained cooperation.

Therefore, TTIP failure not only obstructed potential spillover effects but also significantly weakened diplomatic trust and alignment between the EU and the U.S., highlighting a setback in efforts to enhance bilateral and multilateral cooperation.

3.3 Theoretical Propositions

The theoretical propositions derived from offensive realism and institutional liberalism reflect the theory's core predictions about cooperation, state behavior, and EU-U.S. relations. To improve reading, the following sub-sections will provide a realist and liberalist proposition, based on the theoretical framework.

3.3.1 Realist Propositions

Offensive realism assumes that great powers are fundamentally driven to maximise their relative power to ensure security, frequently at the expense of others (Mearsheimer, 2001). According to this perspective trade agreements like TTIP, are viewed as venues employed by powerful nations to fulfil strategic goals. Economic cooperation is therefore not a sign of trust or political alignment, but rather a temporary convergence of interests that can shift as power dynamics evolve (Barbieri & Levy, 2004). TTIP failure, therefore, does not necessarily imply a breakdown in trust: rather, it highlights the limits of cooperation among nations. The latter will only support such agreements if they serve their interests in international politics. The realist proportions are therefore developed:

RP1: *"The collapse of TTIP is not the cause, but rather a consequence of the deterioration of the diplomatic relations, as it reflects a wider strategic divergence between the EU and the U.S."*

RP2: "*The failure of TTIP does not independently damage diplomatic alignment, since transatlantic cooperation is conditional on strategic interests rather than economic interdependence or institutionalized trust."*

3.3.2 Liberalist Propositions

According to liberalism, cooperation is desirable under conditions that foster institutionalisation, interdependence, and shared democratic norms. Institutional liberalism assumes that economic and diplomatic interactions reduce the likelihood of conflict and enhance mutual trust. From this perspective, TTIP could have granted policy alignment in areas such as digital regulation, supply chain security, and dual-use industrial cooperation. Without the foundational framework that the agreement was intended to establish, the European Union and the United States risked losing momentum in coordinating their responses to emerging global challenges.

The following propositions are therefore drawn:

LP1: "*The failure of TTIP will hinder the diplomatic ties between the U.S and the EU, eroding trust built through economic interdependence, and undermining institutionalised collaboration.*"

LP2: "*The collapse of TTIP will disrupt the potential spillover effects of economic interdependence, limiting the development of transatlantic cooperation in adjacent strategic sectors such as technology, digital governance, and security-sensitive industrial policy.*"

CHAPTER IV

METHODOLOGY

4.1 Congruence Analysis

This thesis will apply the congruence analysis approach to examine the case study, as it allows to capture the differences between two theories, enabling a thorough examination of which provides a better explanation of the phenomenon. Congruence analysis consists of three main steps: (1) comparing empirical observations with the first theory, (2) comparing empirical observations with the second theory, and (3) evaluating the findings to assess the relative strengths of each theory. When this process is used to determine which theory offers a more suitable explanation for the case study, as in this thesis, it is known as the "competing theories approach" (Blatter & Haverland, 2014, p. 204). In analysing the Transatlantic Trade and Investment Partnership, realism and liberalism serve as two key theoretical frameworks, evaluating their explanatory power in the context of international trade and diplomacy. Given that they rest on opposing assumptions and present contrasting perspectives, this approach is more appropriate than the "complementary theory approach" (Blatter & Haverland, 2014, p. 145). Congruence analysis not only advances theory evaluation but also brings a dimension to case study research that goes beyond traditional process tracing, which is more suited to detailed causal reconstruction than to direct theoretical competition. Moreover, small-N research allows the collection of a broad and diverse set of observations, producing in-depth insights through the detailed examination of a focused set of cases (Blatter & Haverland, 2012, pp. 144-146).

4.2 Case Selection

The decision to delve into the TTIP case is associated with multiple promising aspects. First and foremost, TTIP was chosen as it would have represented a landmark of transatlantic integration. Moreover, its timing was especially significant, as negotiations unfolded during a period of Chinese ascent and growing contestation of the international liberal order. Its rich and wide negotiation history enables the evaluation of theoretical propositions deriving from the two competing schools of thought – liberalism and realism – against empirical developments.

TTIP's high level of complexity, ambition, and interdisciplinarity may offer promising insights. Specifically, multiple dynamics, such as tensions between economic liberalisation and strategic priorities, are becoming increasingly crucial in current and future trade negotiations. Findings from the TTIP case might apply to future free trade agreements and refine broader theoretical arguments about the evolution of trade governance in the current international landscape.

4.3 Selection of Theories

This research applies two key IR theories due to their significance in the debate surrounding the TTIP. Following an overview of key realist and liberal schools of thought, one sub-theory from each doctrine has been selected based on its relevance to this thesis. This is essential for developing the key concepts and assessing their plausibility (Blatter & Haverland, 2012).

Specifically, the sub-theory selected for liberalism is institutional liberalism, while for the realist doctrine, it is offensive realism. Institutional liberalism was selected for the emphasis that its leading exponents, Keohane and Nye, placed on institutionalised cooperation and economic ties as foundations for international politics' stability. In contrast, offensive realism has been preferred over defensive realism as it emphasises power maximisation and strategic competition, contrasting and challenging the liberal view that economic interdependence fosters peace. Nevertheless, offensive realism provides a lens through which to assess the role of TTIP and analyse the broader geopolitical consequences of its failure.

4.4 Operationalisation

For each proposition, key concepts derived from the theoretical framework have been used to create indicators that assess whether the evidence found aligns with the proposals.

4.4.1 Operationalisation of RP1

The first realist proposition is: "*The collapse of TTIP is not the cause, but rather a consequence of the deterioration of the diplomatic relations, as it reflects a wider strategic divergence between the EU and the U.S.*"

Table 1

Operationalisation of RP1

	Concept	Indicator
1	U.S. Strategic Shift	Policy decisions before and after TTIP that signal a reorientation of strategic priorities away from transatlantic cooperation
2	EU Strategic Autonomy	Signing of new trade agreements, independent foreign policies concurrently with TTIP decline

To test RP1, the research will assess whether signs of strategic divergence between the EU and the U.S. preceded the failure of TTIP. These include the growth of protectionist policies, nationalistic rhetoric, and conflicting strategic priorities. Observable implications include U.S. policy decisions that deprioritize transatlantic cooperation and EU strategic shift toward greater autonomy, pursuing independent foreign policy and alternative trade deals. If these developments occurred before or alongside TTIP's collapse, they would support the realist perspective that the failure of trade agreements reflects a broader geopolitical shift rather than serving as a precipitating factor. A timeline of relevant geopolitical events preceding and after TTIP would facilitate identifying the potential shift.

4.4.2 Operationalisation of RP2

The second realist proposition is: "*The failure of TTIP does not independently damage diplomatic alignment, since transatlantic cooperation is conditional on strategic interests rather than economic interdependence or institutionalized trust.*"

Table 2

Operationalisation of RP2

	Concept	Indicator
3	Strategic Interest Continuity	Alignment between EU and U.S. on major geopolitical issues (such as Russia, China)
4	State of Health of EU-U.S. Trade Relations	Trade flows between the European Union and the United States in the period of interest

In RP2, the analysis investigates whether the continuity of strategic interests remained stable or shifted primarily about common geopolitical priorities. If strategic interests are indeed the primary driver of transatlantic cooperation, then the failure of TTIP should not correspond to a significant decline in either diplomatic coordination or economic exchange. Trade flows serve as potential indicators of the health of broader diplomatic engagement. If trade volumes remained stable or increased following the collapse of TTIP, this would suggest that the absence of a formal trade agreement did not lead to wider diplomatic disengagement. This outcome would support the realist claim that trade failures do not independently harm strategic partnerships. Conversely, a decline in trade could be interpreted as an observable sign of broader deterioration in relations, potentially challenging the realist interpretation.

4.4.3 Operationalisation of LP1

The first liberal proposition is: "*The failure of TTIP will hinder the diplomatic ties between the U.S. and the EU, eroding trust built through economic interdependence, and undermining institutionalised collaboration.*"

Table 3

Operationalisation of LP1

	Concept	Indicator
5	Institutional Disruption	Count of high-level summits pre/post-TTIP, institutional activity on specific items
6	Multilateral Alignment	Change in voting patterns and alignment in UN before and after TTIP failure

To test LP1, observable indicators of eroded trust would include a decline in the frequency of high-level meetings, reduced joint institutional activity, and lower alignment in multilateral forums such as the UN General Assembly. Sustained diplomatic engagement and consistent multilateral alignment suggest confidence in the reliability of the partnership, whereas a measurable decline would indicate weakened relations. If such drops occur after TTIP's collapse, it would reflect the liberal premise that the loss of economic interdependence undermines diplomatic cohesion.

4.4.4 Operationalisation of LP2

The second liberal proposition is: "*The collapse of TTIP will disrupt the potential spillover effects of economic interdependence, limiting the development of transatlantic cooperation in adjacent strategic sectors such as technology, digital governance, and security-sensitive industrial policy.*"

Table 4

Operationalisation of LP2

	Concept	Indicator
7	Missed Spillover into Other Domains	Lack of bilateral agreements in digital governance, diverging strategies on critical raw materials, AI, industrial policies
8	Defence Market Integration	Arms market cooperation, volatility in weapons exports, development of joint programmes

LP2 will be assessed by determining whether deeper trade integration could have facilitated spillover into areas such as digital regulation, dual-use technologies, and defence market cooperation. If economic interdependence generates cooperative momentum beyond trade, then the failure of TTIP should correspond with stagnation or fragmentation in these related domains. The lack of bilateral agreements on AI, critical raw materials, or digital regulation, as well as limited joint initiatives in defence procurement or arms exports, serve as indicators of a missed spillover effect. Whether coordination in these sectors remained weak or became increasingly divergent following TTIP's collapse, this would support the liberal argument that trade agreements act as catalysts for broader strategic alignment. Contrarily, continued integration in these areas despite TTIP's failure would challenge the liberal expectation of positive spillover.

4.5 Data Collection

The research draws data from a diverse range of sources. Official publications from the European Union and the United States governments provide direct insights into the negotiations and the strategic targets of TTIP. Existing literature on various aspects of the theory applied or issue analysed is incorporated, including articles by scholars from different countries, official documents from international organisations, and relevant publications from broadly recognised think tanks on both sides of the Atlantic. Moreover, the study draws from expert reports on trade policy and transatlantic affairs. Considering the geopolitical fluctuations and weakened Washington-Brussels relations, sources may polarised perspectives, requiring critical evaluation and a balanced representation. As far as the period taken into consideration is concerned, the thesis focuses attention on the XXI century.

4.6 Validity and Reliability

This section assesses validity and reliability, which allow for the establishment of the trustworthiness of the results and their applicability beyond the immediate case. Internal validity refers to the reliability and accuracy of results, often achieved through in-depth small-N studies. External validity refers to the extent to which findings can be generalized to other cases. Although small-N studies typically have limited external validity due to fewer cases, generalization remains possible for similar contexts (Blatter and Haverland, 2012). In this regard, the TTIP case's high complexity, ambitious scope, and interdisciplinary nature provide promising insights for broader application.

The primary challenge of this study lies in the complexity of data collection, particularly since EU member states do not always act as a unified bloc in their voting patterns at the United Nations General Assembly. This condition has made it particularly difficult to obtain and compile all necessary data to build the empirical analysis. Furthermore, the analysis and computation of the European Union's percentage of alignment with the United States in the UNGA presented particular challenges, as data was not readily available online and had to be derived through calculations based on U.S. State Department documents. These sources often exhibited significant variation depending on the specific American administration in power, thereby further complicating the process.

An additional layer of complexity was identifying suitable parameters to measure shifts in EU-U.S. alignment. Fluctuations in some indicators – such as trade flows or diplomatic engagement - may be influenced by exogenous factors unrelated to TTIP, including conflicts, the COVID-19 pandemic, or broader economic disruptions. Therefore, the analysis aimed to separate effects plausibly linked to TTIP's failure from those caused by external shocks. Nevertheless, efforts were made to ensure reliability through consistent cross-referencing of official documents, transparency in data processing, and direct communication with institutional representatives to verify the accuracy of critical data. The differing political approaches of successive U.S. administrations underscore additional complexity. These shifts – specifically from Obama to Trump's first mandate, and then from Biden to Trump's second term – further complicated efforts to capture a consistent picture of strategic priorities over time. The choice to implement these measures is related to the target of reducing inconsistencies and strengthen the replicability of the analytical process.

CHAPTER V

ANALYSIS

To assess the impact of TTIP's failure on EU-U.S. diplomatic alignment, this section draws on observable diplomatic practices across major international forums, key policy domains, and critical episodes in transatlantic relations, with particular attention to the period before and after the collapse of TTIP negotiations. Applying the concepts of realism and liberalism, this section examines the four propositions previously presented.

5.1 RP1: TTIP Collapse as a Consequence of Strategic Divergence

The first offensive realism proposition views and interprets the failure of the TTIP not as a catalyst of worsening diplomatic relations, but rather as indicative of a broader strategic divergence between the European Union and the United States. The central question is whether TTIP's collapse coincided with or succeeded observable shifts in strategic alignment, especially concerning security, foreign policy, and global affairs dynamics.

5.1.1 U.S. Strategic Shift

In the years preeceding TTIP negotiations, U.S. foreign policy under the Obama administration progressively reoriented first to Asia (Lieberthal, 2011), then inward, and skepticism about multilateralism grew, culminating in Donald Trump's election in 2016. The strategic divergence between Brussels and Washington began to manifest concretely as early as 2013, following the National Security Agency (NSA) spying scandal disclosed by Edward Snowden, which eroded transatlantic trust (Dover, 2014) and undermined the political goodwill necessary for advancing the TTIP negotiations. Tensions escalated with the annexation of Crimea in 2014, prompting the North Atlantic Treaty Organization (NATO) to refocus its posture toward Russia, while the EU began reassessing its security dependency on the U.S. The "America First" policy under President Trump, including tariffs on steel and aluminium and withdrawal from the Trans-Pacific Partnership (TPP) and the Paris Agreement, marked a significant departure from transatlantic cooperation (Meunier & Nicolaïdis, 2019). The unilateral withdrawal of the U.S. from the Joint Comprehensive Plan of Action (JCPOA) concerning Iran, despite European opposition, utterly highlighted strategic divergence.

5.1.2 EU Strategic Autonomy

Concurrently, the EU pursued independent trade strategies with key global partners and sought to achieve autonomy in strategically important areas. First, the signing of the EU-Japan Economic Partnership Agreement in 2018 represented the largest bilateral trade deal ever finalised by the EU in terms of market size, including about 30 % of global GDP (Sapir et al., 2018). Nonetheless, the EU-Mercosur Agreement in 2019 (though still pending ratification), and the EU-Canada Comprehensive Economic and Trade Agreement (CETA) reflected as well a pivot toward diversifying trade partnerships. This shift toward independent action was framed by the EU's rising commitment to the concept of "strategic autonomy," a term that appeared in the European Council conclusions of December 2013[1] and often echoed by French President Emmanuel Macron. This autonomy seeks to reduce dependence on the U.S. across military, economic, and diplomatic domains; while some member states remain wary of this agenda, its prominence in official EU discourse reflected a significant normative departure from traditional Atlanticism. At the same time, however, EU leaders were careful to stress that strategic autonomy did not imply withdrawing from transatlantic cooperation. As European Commission President Ursula von der Leyen emphasized in 2023, "a strong Europe relies on strong partnerships, starting with the United States," highlighting the necessity for "a balanced and reciprocal relationship" (European Commission, 2023). Likewise, the EU's Strategic Compass reaffirmed the importance of NATO, even as it advocated for enhanced defence integration (EEAS, 2022).

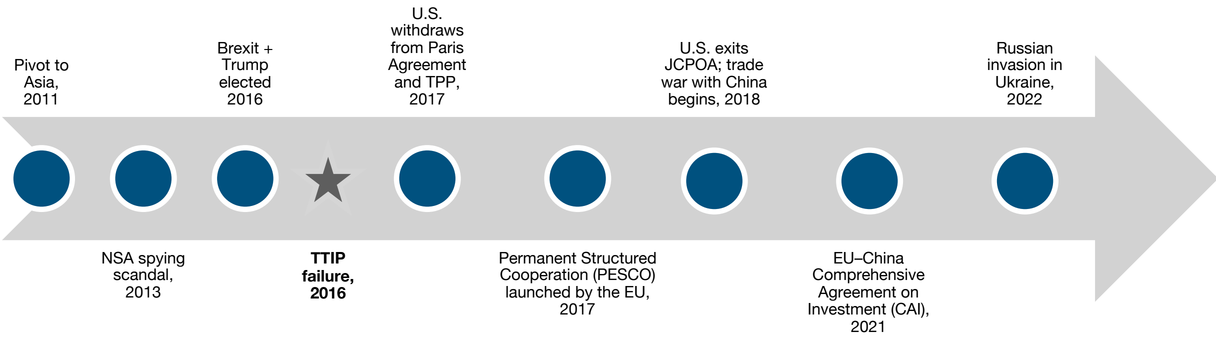
To provide visual support to the analysis, a chronological timeline of geopolitical developments occurring between 2011 and 2025 will be presented. *Figure 1* suggests that TTIP's failure was not an isolated incident in transatlantic cooperation, but rather a result of profound structural changes in security priorities, global alignments, and political leadership, that either preceeded or coincided with the stagnation of the TTIP. By 2016, events such as Brexit and the election of Donald Trump already signalled a decline of political momentum behind multilateral liberal projects, further sidelining trade cooperation and emphasising national over collective strategic interests. Meanwhile, the EU's concept of "strategic autonomy" demonstrated that divergence was a result of mutual reassesment of priorities rather than being exlusively driven by U.S. foreign policies. A key manifestation of this shift was the launch of the Permanent Structured

[1] European Council. (2013). Conclusions. https://data.consilium.europa.eu/doc/document/ST-217-2013-INIT/en/pdf

Cooperation (PESCO) in 2017, a treaty-based framework enabling 26 EU member states to jointly plan, develop, and invest in collaborative defence capabilities. While PESCO aimed to enhance the EU's capacity as a security provider, it brought concerns to Washington, which feared it might undermine NATO and transatlantic defence cooperation (Tigner, 2018). Nevertheless, initiatives like the EU–China Comprehensive Agreement on Investment (CAI) – which however had short tenure[2] - and digital regulation reforms exemplified this shift. Although Biden's election in 2020 revived diplomatic tone, the structural changes persisted, and even the approach towards the Russian invasion of Ukraine highlighted different perspectives between Washington and Brussels (Heisbourg, 2025).

Figure 1

Timeline of Strategic Divergence Events, 2011–2025



Collectively, whilst *Indicator 1* is verified by a clear U.S. strategic reorientation away from transatlantic cooperation, results for *Indicator 2* are mixed, as the EU's pursuit of trade diversification and autonomy strategies was evident but balanced by the reaffirmation of the importance of transatlantic relations.

[2] After seven years of negotiations, five months passed between its political agreement in December 2020 and the moment in which the European Parliament voted to freeze its ratification in May 2021 (McElwee, 2023).

5.2 RP2: Trade Negotiations Failure does not Independently Impact Diplomacy

According to RP2, the failure of the TTIP does not independently affect diplomatic alignment, as such cooperation is based on shared strategic interests rather than economic interdependence or institutional trust. In order to evaluate this proposition, the study will look at whether EU-U.S. diplomatic ties remained steady in light of strategic considerations even immediately after the TTIP's collapse. Such argument empahsises that structural power dynamics and security imperatives carry broader implications on long-term cooperation than economic agreements. According to offensive realism, alliances are formed and maintained not because of shared norms or trade interdependence, but due to mutual strategic necessity. Consequently, this section tests whether diplomatic cooperation between the EU and the U.S. persisted post-TTIP due to shared geopolitical concerns, particularly regarding Russia and China.

5.2.1 Strategic Interest Continuity

During the last fifteen years, the transatlantic diplomatic architecture demonstrated significant resilience, as their cooperation continued to be driven by shared strategic imperatives rooted in structural power dynamics rather than institutionalized economic interdependence. Offensive realism suggests that alliances persist when mutual survival interests surpass transactional disputes (Mearsheimer, 2001), a principle corroborated by post-TTIP coordination on strategic issues concerning Russia and China.

This continuity is reflected in coordinated sanctions against Russia, following the annexation of Crimea and broad alignment during later escalations in Ukraine (Poli et al, 2025). Similarly, the EU's 2023 Critical Raw Materials Act converged with U.S. priorities on reducing reliance on Chinese rare earths—an implicit alignment driven by shared vulnerability to supply chain coercion (DGAP, 2024). NATO’s 2024 defence spending surge and the EU's €800 billion defence investment package responded to renewed Russian aggression, despite the imposition of new U.S. tariffs on European goods under the Trump administration (Bruegel, 2025). These initiatives reflect not institutional trust, but a Hobbesian recognition of mutual exposure to revisionist powers. Nevertheless, the EU and U.S. harmonized 5G security standards to exclude Huawei, leveraging their combined market power to isolate China (Poli et al., 2025).

This pattern aligns with offensive realism's emphasis on power balancing over normative convergence. The absence of TTIP's sectoral committees did not preclude ad hoc collaboration in strategic domains: the 2025 U.S.-EU semiconductor pact and coordinated investment screening mechanisms illustrate how threat perception drove cooperation. Structural pressures also mitigated the diplomatic fallout from TTIP's collapse. For instance, the EU accommodated Trump's 2025 steel tariffs to preserve intelligence-sharing on China's AI militarization, prioritizing geostrategic survival over trade reciprocity (Bruegel, 2025). Such trade-offs suggest the hierarchy of interests in transatlantic relations: shared adversaries compel cooperation, even as diverging economic models fuelled disputes.

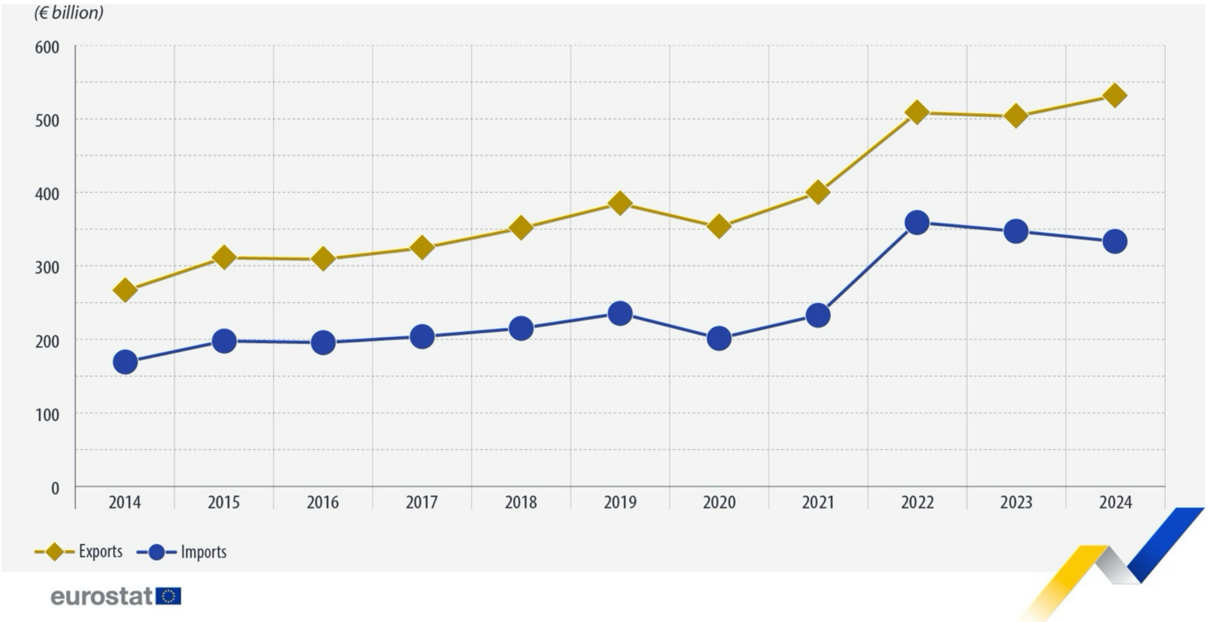
Although TTIP's failure highlighted tactical misalignment, it did not independently alter the structural calculus that binds EU-U.S. diplomacy to counterbalance revisionist powers. Despite divergences in approach and rhetoric, the persistence of common geopolitical interests remains the true anchor of diplomatic relations—more so than economic ties or institutional frameworks, making *Indicator 3* partially validated.

5.2.2 State of Health of EU-U.S. Trade Relations

Trade flows between the EU and the U.S. may be another indicator to evaluate whether the relationship between Washington and Brussels has been practically damaged by the failure of negotiations. However, *Figure 2* indicates that notwithstanding the political and institutional challenges following the failure of the TTIP, the economic relationship between the EU and the U.S. remained strong. The continued and growing trade flows demonstrate that the transatlantic partnership’s pragmatic elements remained, highlighting the resilience of economic connections regardless the presence of a formal framework. The sustained economic engagement challenges the notion that the failure of trade agreements undermine broader cooperation and supports the realist perspective that strategic partnerships can remain robust despite these setbacks.

Figure 2

EU trade in goods with the United States, 2014-2024

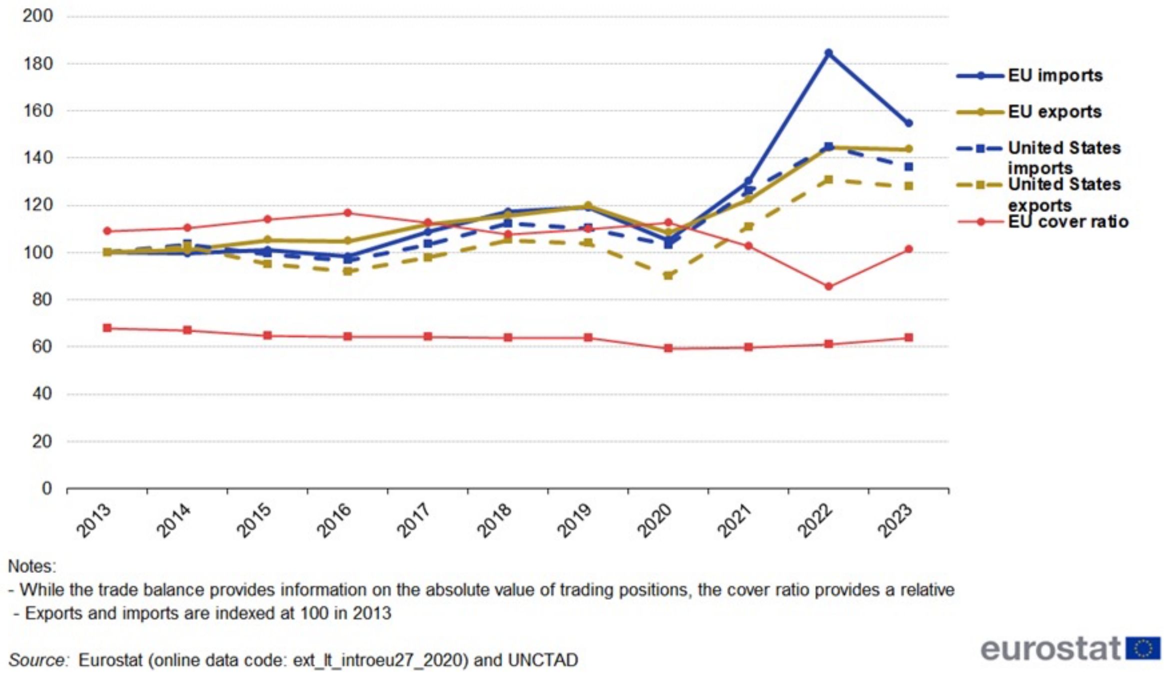


Note. Retrieved from Eurostat (2025)

The analysis of exports and imports - indexed at 100 in 2013 – provides further evidence that transatlantic trade in goods between the European Union and the United States experienced substantial growth over the past decade, indicating that economic interdependence remained structurally robust. As illustrated in *Figure 3*, EU exports to the U.S. increased by 44% between 2013 and 2023, with the index rising from 100 to 144, while EU imports exhibited an even more pronounced increase, reaching a peak index of 184 in 2022. This significant import growth resulted in a marked decline in the EU's cover ratio, which decreased from a high of 116% in 2016 to a low of 85% in 2022, highlighting a shift from a trade surplus to a deficit. On the U.S. side, a similar trend was observed: exports to the EU grew by 31%, reaching 131 in 2022, yet imports surpassed this growth, increasing by 45% over the same period, resulting in a persistent and deepening trade deficit. These data confirm that, despite the abandonment of the institutional objectives of TTIP, transatlantic trade flows continued to expand.

Figure 3

Trade in goods of the EU and the United States, 2013-2023



Note. Retrieved from Eurostat (2025)

Overall, *Indicator 4* is validated: despite ongoing trade frictions and the absence of a comprehensive agreement, stable and growing trade volumes confirm that EU–U.S. economic cooperation endured.

5.3 LP1: TTIP Failure as a Trust-Damaging Event

The theoretical foundation of LP1 is institutional liberalism, a framework that claims that extensive economic integration and institutionalized cooperation among states can mitigate conflict and foster mutual trust. According to this viewpoint, the collapse of the Transatlantic Trade and Investment Partnership is perceived as a political and diplomatic defeat, in addition the lost economic opportunity. The assumption is that the agreement was intended to institutionalize transatlantic cooperation, beyond its original scope. Consequently, it is expected that its failure had significant negative impacts on the state of EU-U.S. diplomatic relations, especially in terms of trust and cooperation.

5.3.1 Institutional Disruption

This proposition can be examined by analyzing the role of institutional channels before and after the collapse of TTIP: specifically, a significant indicator of institutional trust is the continuity of high-level summits. Indeed, the logic of institutional liberalism suggests that successful trade agreements act as foundational platforms for building joint institutions that manage cross-sectoral cooperation (Moravcsik, 1997). TTIP was designed to serve precisely this function.

One of the most visible consequences of TTIP's collapse was the discontinuation of institutionalized forums between Washington and Brussels. While between 1990 and 2014, EU–U.S. summits were convened regularly, following the 2014 Brussels summit, where leaders deliberated on the Ukraine crisis and ongoing TTIP negotiations, no formal summits were held during the Trump administration. It is worth noting that the Transatlantic Economic Council (TEC), which had been operational since 2007, became inactive shortly after 2016, and no equivalent body emerged to replace it (European Commission, 2022). This break (2015–2020) highlights a significant disruption in diplomatic dialogue, which may reflect compromised institutional trust; it is however important to note that this gap coincides with the first Trump presidency, a period that likely influenced transatlantic relations independently of TTIP.

Table 5

High-level EU-U.S. Summits before and after TTIP negotiations, 2010-2022 [3]

Year	Host Country	Location
2010	Portugal	Lisbon
2011	United States	Washington, D.C.
2014	Belgium	Brussels
2021	Belgium	Brussels

[3] European Parliament. (n.d.). *EU texts*. Delegation for relations with the United States. https://www.europarl.europa.eu/delegations/en/d-us/documents/eu-texts

The resumption of formal EU–U.S. summits in 2021, marked by the establishment of the Trade and Technology Council (TTC), signifies a revival of institutional collaboration, but on a narrower scale than TTIP. The TTC, in fact, focuses on specific issues like supply chains, semiconductors, and artificial intelligence, but lacks binding commitments and enforcement mechanisms. According to this analysis, it emerges that trust and structured cooperation diminished following TTIP's failure; however, this may also reflect the diplomatic style of Trump's administration rather than TTIP itself. Results for *Indicator 5* are therefore mixed.

5.3.2 Multilateral Alignment

Diplomatic coordination highlights robust shifts in United Nations critical votes. The voting records of the United Nations General Assembly (UNGA) offer a valuable metric for analysis. Voting similarity within the UNGA has been extensively utilised to evaluate the preference similarity of states and to discern inter-state alliances (Bailey et al., 2017; Voeten 2013). Nevertheless, scholarly research indicates that positions adopted in the UNGA are partly influenced by economic incentives, potentially leading to vote-buying dynamics (Brazys & Panke, 2017). However, it is worth noting that coordination among EU states within the UN has not always been easy, as it reflects its intergovernmental dimension, in which global politics priorities among the 27 sovereign states may differ[4].

According to reports from the U.S. Department of State on voting practices within the United Nations, member states of the European Union have not demonstrated a high degree of concurrence with the United States on significant votes in the General Assembly over the past decade, with notable variations. From 2010 to 2016, the rates of voting coincidence were consistently elevated, with most years recording rates between roughly 78% and 89%, except for a notable dip to 63.3% in 2012 and a sharp peak at 98.6% in 2016, the year of the TTIP negotiations' collapse. This period indicated a robust diplomatic alignment on key international issues. In contrast, the years following the failure of TTIP - which coincided with Trump's election - witnessed a marked decline in voting alignment, with the average decreasing to 60.8% in 2017 and further to 44.6% in 2018. Although there was some recovery in subsequent

[4] EU member states shown this dissonance in the case of Iraq as well as Libya. Nevertheless, the implementation of the Treaty of Lisbon in 2009 and the subsequent development of new tools and channels has strengthened significantly coordination between member states (Smith, 2020).

years, alignment levels remained below those observed before 2016. This shift marks a clear departure from the higher levels of coincidence observed earlier in the decade.

Figure 4

EU-U.S. Voting Coincidence on important votes in UNGA, 2010-2020

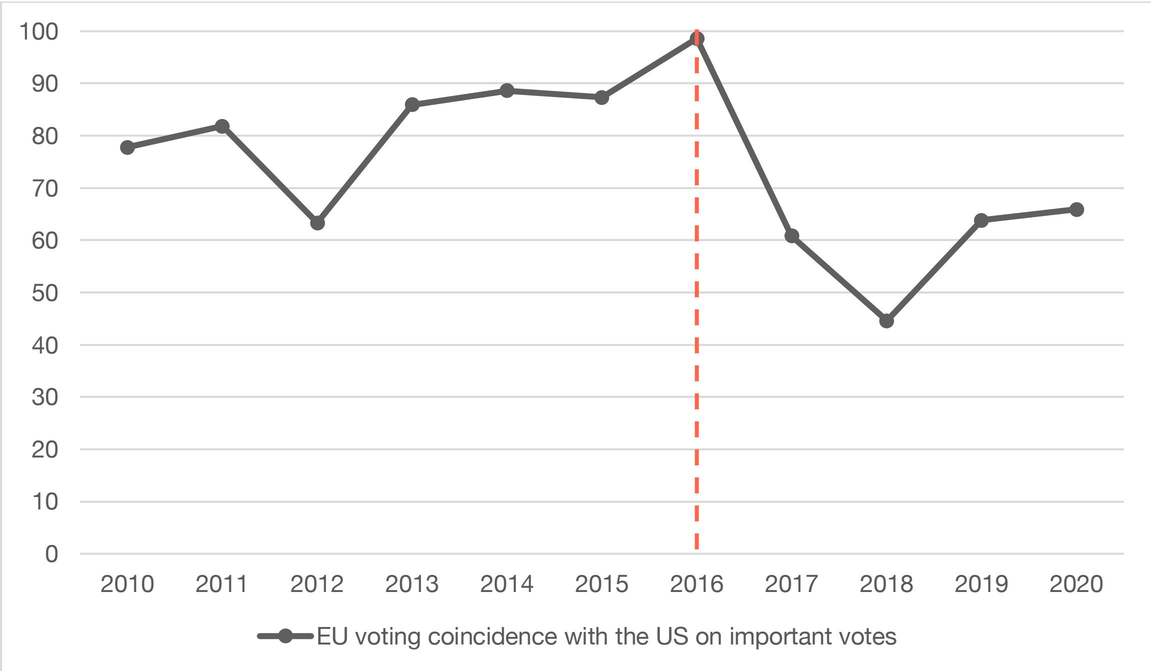


Figure 4 suggests that while EU–U.S. diplomatic cooperation persisted post-TTIP, the intensity of agreement on critical multilateral issues was affected. However, this shift may reflect broader strategic tensions and divergent foreign policy priorities that emerged after 2016. Thus, *Indicator 6* is partially validated.

5.4 LP2: The Constraints of Spillover: The Impact of TTIP's Failure on Complex Interdependence in Strategic Sectors

According to LP2, the collapse of the Transatlantic Trade and Investment Partnership disrupted a broader liberal framework of complex interdependence, hampering potential spillover effects into sectors beyond trade. Employing institutional liberalism and neo-functionalist integration theory, this perspective suggests that trade integration fosters long-term trust and institutionalized cooperation, which in this case can extend into sensitive areas such as digital governance, dual-use technologies, industrial policy, and even security. TTIP was designed to establish frameworks for regulatory convergence, joint norm-setting, and strategic codependence across multiple high-value sectors; its failure, therefore, potentially closed off further integration pathways.

5.4.1 Missed Spillover into Other Domains

As mentioned, TTIP could have served as a basis for joint resilience strategies in pivotal sectors such as clean energy, rare earths, green technologies, and digital policy. However, the absence of such a framework disrupted planned regulatory and institutional synergies, depriving multiple sectors of spillover benefits that would have emerged from deepened EU-U.S. interdependence. TTIP's design sought to transcend traditional trade liberalization by embedding regulatory convergence mechanisms—sectoral committees, a Transatlantic Regulators' Forum, and a Joint Committee—to foster trust and expand cooperation into sensitive domains (Hamilton & Pelkmans, 2015).

Digital governance suffered similarly, as TTIP's proposed Regulatory Cooperation Body could have mediated GDPR-U.S. privacy regime tensions, enabling compatible data transfer rules (European Parliament, 2017). Instead, the Schrems II ruling (CJEU, 2020) exposed systemic incompatibilities, complicating cross-border e-commerce and AI innovation (Bradford, 2020). SMEs now face fragmented compliance burdens, costing EU firms €26 billion annually, resources that could have been redirected toward transatlantic tech collaboration. As highlighted in *Table 6* in both the EU and the U.S., industrial manufacturing sectors like chemicals and automotive missed opportunities for mutual recognition of safety protocols, perpetuating duplicative testing requirements (Atlantic Council, 2014; Hamilton & Pelkmans, 2015). Studies suggest TTIP's regulatory harmonization could have boosted EU-U.S. chemicals trade by 12%, a critical loss for export-driven economies like Belgium (Felbermayr et al., 2015). Nevertheless, the agreement's collapse stalled plans to unify professional qualifications, exacerbating intra-EU services fragmentation and limiting labor mobility in engineering and IT sectors—key drivers of innovation diffusion (Young, 2016).

Table 6

Projected economic benefits by sector for the EU and U.S. under a successful TTIP scenario

Sector	Projected U.S. Export Growth[5] (%)	Projected EU Export Growth[6] (%)
Motor Vehicles	+650	+40
Metals	+120	+12
Processed Food	+102	+9
Chemicals	+61	+9

Strategic vulnerabilities in critical minerals governance may further illustrate the spillover deficit. Although not specifically stated in TTIP drafts, its institutional frameworks could have enabled coordinated rare earth supply chain strategies, reducing reliance on China's 92% production dominance (IEA, 2023; European Commission, 2023). Following the negotiations, both blocs remain exposed and vulnerable to geopolitical coercion, as seen in China's 2023 export restrictions on gallium and germanium and the just released new tracking system for increased scrutiny of rare earth magnets. (Reuters, 2025). Nevertheless, TTIP was indeed expected to enhance EU energy security by facilitating greater access to US natural gas exports (Korteweg, 2016). Therefore, in clean energy, the absence of aligned renewable technology standards and joint R&D frameworks fractured transatlantic green supply chains (European Parliament, 2015). The erosion of sectoral committees - intended to build epistemic communities among regulators - also weakened transatlantic standard-setting in emerging technologies (Bradford, 2020). This institutional gap led to reliance on ad hoc working groups that lack TTIP's binding oversight, diminishing the ability to oppose third-country technology statecraft. These disruptions corroborate interdependence theory's reliance on institutionalized cooperation while demonstrating the fragility of spillover mechanisms when political will fades: *Indicator 7* is therefore verified.

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[5] Atlantic Council. (2014, March 7). TTIP yields significant export gains in key U.S. industrial sectors. https://www.atlanticcouncil.org/in-depth-research-reports/report/ttip-yields-significant-export-gains-in-key-us-industrial-sectors/

[6] European Commission. (2013). Transatlantic Trade and Investment Partnership. The Economic Analysis Explained.

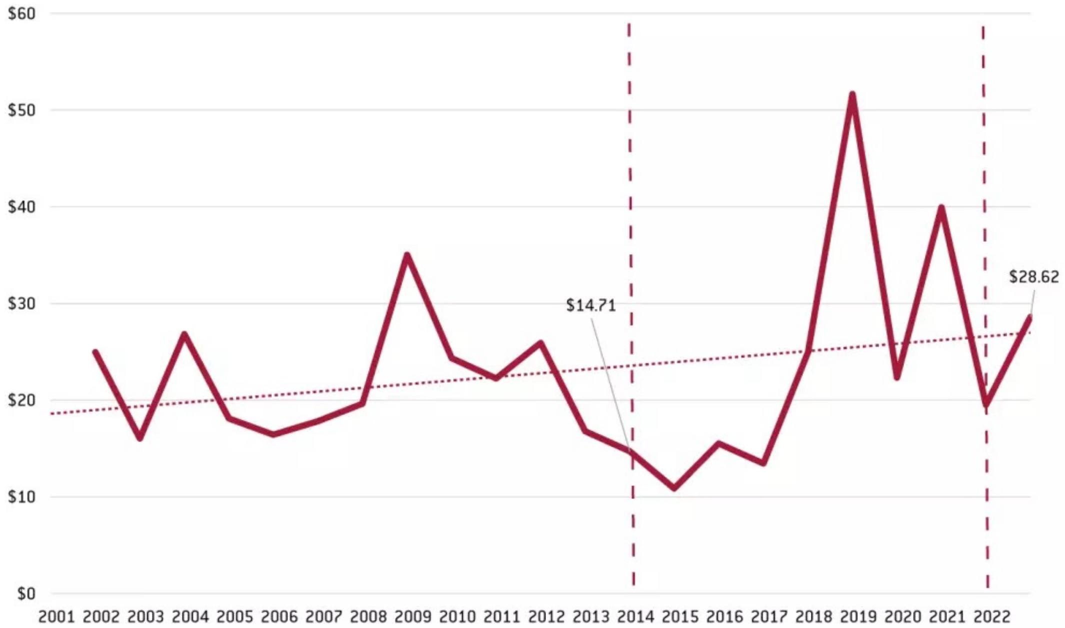
5.4.2 Defence Market Integration

The defence and arms market may offer an illustration of TTIP's unrealized potential for sectoral spillover. While not originally central to TTIP's scope, the agreement was intended to create regulatory trust and institutional density that could have facilitated cooperation in adjacent strategic sectors, including dual-use technologies and defence procurement.

In the absence of this broader liberal framework, the defence market has remained deeply fragmented (EDA, 2024). A clear illustration of this can be seen in data pictured in *Figure 5* (Bruegel, 2024), which tracks sharp fluctuations in U.S. arms exports to the EU, particularly around the 2014 annexation of Crimea and the 2022 full-scale invasion of Ukraine (Maulny, 2023; Mejino-López & Wolff, 2024). These spikes reflect reactive, crisis-driven procurement rather than sustained coordination. Instead of convergence in defence technologies, both the EU and the U.S. pursued fragmented approaches (Fiott, 2019): the U.S. expanded its Foreign Military Sales (FMS) program, while the EU developed internal mechanisms like the European Defence Fund (EDF) and European Defence Industrial Strategy (EDIS) (European Commission & High Representative, 2024).

Figure 5

Value of total arms exports to the EU from the U.S., $ billions, 2015 values



Note. Retrieved from Bruegel (2024)

This reactive arms trade dynamic undermines the liberal logic of spillover. In a well-integrated interdependent framework, one might expect strategic convergence: harmonization of procurement standards, joint R&D programs, and long-term planning to support interoperability and burden-sharing. The lack of such developments indicates a breakdown of what Haas (1958) described as functional spillover, where integration in one area naturally extends into others due to technical necessity or political inertia. TTIP's failure, therefore, may represent a missed institutional opportunity to foster long-term defence industrial interdependence between two of the world's largest arms exporters (Wolff, 2024).

However, it is difficult to establish whether TTIP's failure was a decisive factor in preventing such spillover, given the complex and sensitive nature of defence cooperation and the presence of other political and strategic constraints. Recent efforts such as the Trade and Technology Council (TTC), launched in 2021, have been critized for "lacks progress" (European Parliament, 2024; Bertolini, 2024), and that should have implemented a renewed agenda that includes initiating a dialogue on the defence industry, overseeing the transatlantic shift towards a proactive industrial policy (Burwell, 2024). This suggests that institutional challenges persist regardless of TTIP. Lastly, this interpretation should acknowledge the multiplicity and complexity of factors shaping the defence sector. As such, *Indicator 8* is not validated.

CHAPTER VI

DISCUSSION OF FINDINGS

This chapter synthesizes the results of the congruence analysis, highlighting the nuanced and sometimes mixed nature of the findings, reflecting the complexity of the TTIP case and its broader implications. *Table 7* will compare the indicators for each proposition with the results extracted from the analysis.

Table 7

Comparison of Indicators and Results

Propositions	Indicators	Results
Offensive realism Proposition 1: *"The collapse of TTIP is not the cause rather a consequence of the deterioration of the diplomatic relations, as it reflects a wider strategic divergence between the EU and the U.S."*	*U.S. Strategic Shift*: Policy decisions before and after TTIP that signal a reorientation of strategic priorities away from transatlantic cooperation	Y
	EU Strategic Autonomy: Signing of new trade agreements, independent foreign policies concurrently with TTIP decline	M
Offensive realism Proposition 2: *"The failure of TTIP does not independently damage diplomatic alignment, since transatlantic cooperation is conditional on strategic interests, but rather than economic interdependence or institutionalized trust."*	*Strategic Interest Continuity*: Alignment between EU and U.S. on major geopolitical issues (such as Russia, China)	M
	State of Health of EU-U.S. Trade Relations: Trade flows between the European Union and the United States in the period of interest	Y
Institutional liberalism Proposition 1: "*The failure of TTIP will hinder the diplomatic ties between the U.S. and the EU, eroding trust built through economic interdependence, and undermining*	*Institutional Disruption*: Count of high-level summits pre/post-TTIP, institutional activity on specific items	M
	Multilateral Alignment: Change in voting patterns	M

institutionalised collaboration."	and alignment in UN before and after TTIP failure	
Institutional liberalism Proposition 2: "*The collapse of TTIP will disrupt the potential spillover effects of economic interdependence, limiting the development of transatlantic cooperation in adjacent strategic sectors such as technology, digital governance, and security-sensitive industrial policy."*	*Missed Spillover into Other Domains:* Lack of bilateral agreements in digital governance, diverging strategies on critical raw materials, AI, industrial policies	Y
	Defence Market Integration: Arms market cooperation, volatility in weapons exports, development of joint programmes	N

Note. Y indicates that the results confirm the indicator, N indicates that they contradict it, M indicates that results are mixed

The findings from the TTIP case mostly support the realist framework, though some liberalist expectations are partially validated.

Realist propositions are reinforced by the timing and trajectory of strategic divergence on both sides of the Atlantic. Before TTIP negotiations began, the U.S. had already started redirecting its focus away from Europe. Obama's pivot to Asia initiated this shift, utterly intensified under Trump's "America First" agenda. This suggests that TTIP's collapse was not the catalyst for divergence, but rather its consequence. On the other side, through independent trade deals and own defence initiatives, the EU pursued greater strategic autonomy. However, for the EU autonomy did imply a profund strategic dissociation, as their leaders consistently reaffirmed the value of transatlantic ties. The divergence, therefore, was notable but not absolute. The persistence of EU–U.S. cooperation in security, strategic domains, and sanctions policy following TTIP's failure further supports the realist view. Coordination against Russia, alignment on supply chains, and joint positions on 5G infrastructure demonstrate that shared threat perceptions sustained diplomatic engagement despite trade-related tensions. Similarly, trade volumes between the U.S. and EU not only remained stable but grew significantly, showing that mutual economic interests endured even in the absence of a binding trade agreement. This challenges the liberal notion that formal frameworks are necessary to sustain cooperation.

On the liberalist side, some propositions find partial support. TTIP's failure contributed to institutional disruption, including the inactivity of high-level summits and joint governance structures. While institutional dialogue resumed with the Trade and Technology Council, its scope remained narrower than TTIP's original ambitions, pointing to a need to rebuild trust and structure. Declining UN voting alignment further indicates modest erosion in multilateral coherence, though this is likely influenced by broader factors. Liberal expectations are mostly supported in the area of missed spillovers. TTIP was expected to foster integration in digital governance, AI, and industrial policy—sectors where cooperation remains fragmented. However, transatlantic defence market integration appears more influenced by geopolitical shifts, particularly in response to the war in Ukraine, making causality harder to establish.

Finally, the TTIP case reinforces key realist arguments: cooperation continues where strategic interests align, even without institutional frameworks. Liberal expectations of trust-based, institutionalized spillovers were not entirely met. Nonetheless, the need to rebuild lost trust and the absence of integration in emerging sectors indicate that economic frameworks still play a role in sustaining broader diplomatic coordination.

CHAPTER VII

CONCLUDING REMARKS AND RECOMMENDATIONS

This thesis set out to investigate whether the failure of the Transatlantic Trade and Investment Partnership influenced diplomatic alignment between the EU and the U.S., particularly in light of rising geopolitical tensions. Guided by the central research question, the analysis has revealed a picture of transatlantic relations marked by both resilience and fragility, in which remains difficult to isolate the direct causal impact of TTIP's failure on diplomatic alignment - most notably due to the dramatic changes in U.S. foreign policy during the Trump administrations, which introduced an unprecedented degree of unpredictability and unilateralism.

However, the evidence is not unidirectional, although it predominantly supports the principles of offensive realism over those of institutional liberalism. While data have not validated every aspect of the offensive realist framework, the overall evidence was more aligned with offensive realism than with institutional liberalism. Trade flows continued to expand, and informal cooperation persisted, suggesting that economic interdependence can be resilient even in the absence of comprehensive frameworks. The mixed results for several indicators highlight the need for a multi-theoretical approach: neither realism nor liberalism alone can fully capture the evolving dynamics of transatlantic relations in an era marked by both structural shifts and political shocks. While liberal perspectives highlight the agreement's potential to institutionalize economic interdependence and promote regulatory convergence, empirical evidence reveals that the project's collapse was as much a reflection of pre-existing strategic divergence as it was a cause of institutional erosion.

Despite the absence of TTIP, the core of transatlantic security cooperation endured. Both the EU and the U.S. continued to coordinate sanctions against Russia, bolster NATO commitments, and respond jointly to the assertiveness of China. This resilience supports the offensive realist argument that alliances are ultimately anchored in shared strategic imperatives rather than economic agreements alone. At the same time, the liberal expectation that institutionalized economic cooperation would generate positive spillovers into other domains was only partially borne out. The discontinuation of formal summits, the inactivity of the Transatlantic Economic Council, and the decline in voting alignment at the United Nations General Assembly all point to a weakening of the institutional fabric that underpins complex interdependence. Missed opportunities for regulatory convergence in sectors such as clean energy, digital governance, and defence market integration further illustrate the limits of economic diplomacy when not supported by robust political will.

The Trump administration's unedited approach to foreign policy acted as a critical intervening variable: This complicated the interpretation of TTIP's failure, as it may have amplified or even overshadowed the effects of TTIP's failure, making it difficult to disentangle the impact of trade diplomacy from the broader trend toward unilateralism and strategic recalibration. Many of the disruptions observed, such as the breakdown of summit continuity to the erosion of multilateral alignment are not exclusively attributable to the collapse of the agreement but may also be interpreted as direct consequences of the administration's unique policy choices.

Considering these findings, several recommendations emerge. For policymakers, the TTIP experience highlights the critical importance of maintaining and enhancing institutional frameworks for dialogue and cooperation, even when comprehensive agreements remain unachievable. Sector-specific initiatives, such as the Trade and Technology Council, can serve as a starting point for rebuilding trust and fostering collaboration in critical areas. However, the EU must persist in diversifying its strategic partnerships and strenghtening its capacity for autonomous action, particularly as global competition intensifies and the reliability of traditional alliances can no longer be assumed. For scholars, the study demonstrates how congruence analysis can help disentangle the influence of structural pressures and domestic political shifts on alliance behavior. It also highlights the need for further research to identify which indicators are most effective in measuring the diplomatic consequences of failed trade agreements, particularly in contexts shaped by evolving national agendas and strategic recalibrations.

Ultimately, the failure of the TTIP did not singularly disrupt the diplomatic alignment between Brussels and Washington; rather, it reflected and coincided with a period of profound strategic and political transformation. However, despite the institutional setbacks, the continued security and trade cooperation indicates that shared threats remain the bedrock of the transatlantic partnership. On the other hand, the decline in trust and the limitations of spillover effects have underscored the vulnerability of diplomatic alignment to both geopolitical shifts and political shocks, highlighting how even historic alliances such as the transatlantic one can be jeopardized by the erosion of institutionalised cooperation.

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