



## EDITORIAL

Dear Readers,

The prosperity we enjoy in Germany and Europe is intrinsically linked to the libertarian world order which the United States of America has been instrumental in establishing and maintaining since the Second World War. However, Germany's rise to become one of the leading economic and industrialised nations was not merely due to trade barrier reductions and the establishment of institutions to promote free trade. Another crucial factor was that Germany wholeheartedly embraced a set of core values, the most important constants of which are freedom, democracy and the Social Market Economy. Then and now, different models of economic development and of global trade have been competing with one another. While the Free and Social Market Economy still holds a promising future in most of Europe and the so-called Western World, other countries pursue approaches based on state capitalism with a strong element of state control. Consequently, the question on how to shape international trade, a technical issue at first glance, has once again led to an emotional confrontation between different political, moral and ideological values and systems.

Where the future of global trade is concerned, Germany is facing a particular challenge, as it is intertwined more strongly with the global economy than others. Creating prosperity is dependent on strong German foreign trade (with exports of over one billion euros in 2013), and every fifth job relies on it. It is therefore in the interest of the German government to shape globalisation in a responsible manner in collaboration with Germany's partners. This includes the responsibility of promoting free trade and the development of global markets. That this issue evokes critical questions from the public is reflected in the current controversy over the Transatlantic Trade and Investment Partnership (TTIP).

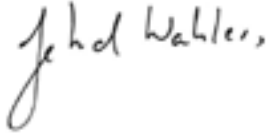
The European Union and the United States began negotiations on the TTIP in June 2013. Its chief aim is to reduce barriers to trade between the two sides. In addition, Brussels and Washington are discussing the reduction and harmonisation of regulatory provisions, which are expected to yield positive effects on incomes and employment. In this issue, Lars Hänsel and Jeanene Lairó analyse the political factors relating to the TTIP in the U.S. The authors are convinced that such an agreement is "immensely important for the European and American partners, the future of transatlantic relations, as well as the future liberalization and standards applied to world trade".

Where the topic of trade liberalisation is concerned, the EU is not only looking westwards. In a similar fashion, the Europeans are currently conducting negotiations with Asian countries such as Vietnam. Rabea Brauer, Vu Dang Tuan and Natalie Frey are investigating the aims and repercussions of the envisaged free trade agreement. On the one hand, the talks go along with hopes for a more liberal economic policy in Vietnam, which is still organised according to the principles of a planned economy. On the other hand, the authors conclude that an agreement between Brussels and Hanoi could "breathe new life into the negotiations between the EU and the group of Southeast Asian states, seeing that a joint trade agreement with all ten ASEAN member states is the EU's ultimate goal".

In Latin America, Argentina's financial crisis affected not only the domestic economy but also that of the neighbouring countries. Therefore, Kristin Wesemann and Marc Koch focus on the intraregional aspects of trade relations. The authors warn that "Argentina's latest default also has consequences for Mercosur. The contagion could spread to other economies if the problem is not resolved quickly – and particularly to Brazil, Argentina's largest trading partner".

The Konrad-Adenauer-Stiftung is actively involved in the debate over a future-oriented trade and economic policy based on the principles of the Social Market Economy. We are convinced that the regulatory framework plays a substantial role in a multipolar world. In essence, the objective is that all trading partners agree on common rules and

abide by them in order to gain trust and establish fair competition. Polarisation and one-sided depictions such as those put forward in the discussion on the TTIP are not helpful – factual argumentation is what is needed.

A handwritten signature in black ink that reads "Gerhard Wahlers". The signature is written in a cursive style with a large, looped initial 'G'.

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Deputy Secretary General

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