



Global EU trade agreements and investment policies

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Outline

- 1. The EU in the world*
- 2. The EU's common commercial policy*
- 3. Evolution and trends in EU and global trade -
Main challenges*
- 4. Possible EU responses*

1. The EU in the world

- *2nd world economy in GDP (in current prices or PPP)*
- *Largest world's trading power :*
 - *In goods: 4 tn €, 15 % of world trade in goods*
 - *In services: 1,6 tn €, largest exporter (by far, 25 % of world's)*
 - *Overall surplus*
 - *Largest world investor (41 % of world's FDI stock)*

1. The EU in the world (cont.)

- *Largest world investor:*
 - *41 % of world's FDI stock*
 - *>98.000 subsidiaries of EU firms, employing 14,6 million people*
- *Also after the UK's departure – actually higher*
 - *extra-EU exports would increase by 100 bn €*
 - *UK to become the EU's 3rd trading partners, similar to China (13 % of EU trade, but 50 % of UK's trade)*

2. The EU's common commercial policy

- *Principles – Article 3.5 TEU:*

"5. In its relations with the wider world, the Union shall uphold and promote its values and interests and contribute to the protection of its citizens. It shall contribute to peace, security, the sustainable development of the Earth, solidarity and mutual respect among peoples, free and fair trade, eradication of poverty and the protection of human rights, in particular the rights of the child, as well as to the strict observance and the development of international law, including respect for the principles of the United Nations Charter."

2. The EU's common commercial policy

- *Article 207.1 TFEU:*

*"1. The common commercial policy shall be based on uniform principles, particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements relating to **trade in goods and services**, and the **commercial aspects of intellectual property**, **foreign direct investment**, the achievement of uniformity in measures of **liberalisation**, **export policy** and **measures to protect trade** such as those to be taken in the event of **dumping or subsidies**. The common commercial policy shall be conducted **in the context of the principles and objectives of the Union's external action.**"*

2. EU's CCP (cont.)

EU action in commercial policy:

- *WTO – the cornerstone*
- *FTAs (+CU), other agreements – cover >40% of trade in goods*
- *Trade Defence Instruments*
- *Other: export controls (dual use, torture instruments, hazardous materials...), import of conflict minerals...*

Focus now on implementation of trade agreements

2. EU's CCP (cont.)

Other aspects of trade: trade and...

- *The environment*
- *Social/labour*
- *Climate*
- *The environment*
- *Human rights*
- *Data protection*
- *Gender...*
- *Right to regulate/protect public interest*

3. Evolution trends in trade

- *Before 1947: bilateral agreements, no tariff bindings*
- *From GATT to WTO: negotiating rounds to reduce tariffs, till the Uruguay Round 1986-1993)*
- *The first ten years of the WTO*
 - *Information Technology Agreement*
 - *Financial Services and telecoms agreements*
 - *E-commerce*

3. Evolution trends in trade (cont.)

- *The Doha round. Key issues:*
 - *Development – LDCs, treatment of emerging countries*
 - *Trade Facilitation Agreement*
 - *Expansion of the Information Technology Agreement*
 - *« AMA » and « NAMA »*
 - *EU push on geographical indications*

3. Evolution trends in trade - Challenges

- *The « new age/order » of international trade and politics – Multilateralism in crisis*
 - *Rise/assertiveness of China*
 - *US unilateralism, US-China disputes*
 - *WTO paralysis*
 - *EU internal issues: immigration, populism and nationalism (« ... first »), Brexit, debt situation, the Euro, neighbourhood issues/conflicts...*

3. Evolution trends in trade - Challenges

- *Other challenges*
 - *Digital economy*
 - *The climate emergency – New model of growth*
 - *Fairness/equity*
 - *Will trade go on growing or shrink? Local circuits*

4. Possible EU responses

- A « *geopolitical Commission* » (U. von der Leyen)
 - « *A green deal* »
 - « *An EU fit for the digital age* »
 - « *An economy that works for people* »
 - « *Protecting the 'European way of life'* »
 - « *A stronger Europe in the world* »
 - « *A push for European democracy* »

4. Possible EU responses (cont.)

- *Trade policy? Still to be defined. Possible elements:*
 - *Restore multilateralism*
 - *Focus on implementation -> a « chief enforcement officer »*
 - *Stronger link with climate, environmental and social concerns*
 - *Building alliances (NB: with whom...?)*
 - *« Bring the customs union to the next level »*

5. Possible EU responses (cont.)

- *Investment protection reform – rationalisation of Investor to State Dispute Settlement (ISDS)*
 - *Permanent court*
 - *Appeals*
 - *Right to regulate*
 - *Public hearings*
 - *Towards a « Multilateral Investment Court »*

4. Possible EU responses (cont.)

- *Rising to the challenges of e-commerce*
 - *Safety of transactions*
 - *IPR protection*
 - *Barriers to on-line cross-border sales*
 - *Combat spam*
 - *Fair competition – Payment of VAT and custom duties*
 - *Ensure respect of law, safety and consumer protection*

4. Possible EU responses (cont.)

- *Promotion of EU values*
 - *Sustainable development: social justice, human rights, environment and climate*
 - *Chapter in FTAs on SD referring to climate targets under the Paris agreement, review with civil society, partnership MS and EP...*

4. Possible EU responses (cont.)

- *Better protect EU citizens*
 - *Reform of Trade Defence Instruments*
 - *Regulation on screening of FDI*
 - *International Procurement Instrument*
 - *Challenge violations of agreements*

Bonus: some questions

- *Can trade be ecologically friendly?*
- *Does trade increase inequality?*
- *Does trade favour only/mostly multinationals?*
- *Are trade agreements incompatible with sovereignty?*
- *Do trade agreement reduce the protection of citizens?*
- *Are WTO/trade agreements a tool of economic neocolonialism/exploitation?*

Thank you!