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Understanding EU trade policy in the twenty-first century

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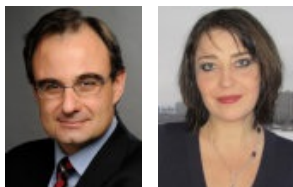
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Understanding EU trade policy in the twenty-first century



The EU has negotiated numerous bilateral trade agreements with countries around the world during the last two decades. As we move into 2020, [Patrick Leblond](#) and [Crina Viju-Miljusevic](#) take stock of the changes that have occurred in EU trade policy in the twenty-first century and highlight some key future research agendas.

Over the last 20 years, the European Union (EU) has conducted an active trade policy, negotiating a multitude of bilateral trade agreements and being strongly involved in negotiations at the World Trade Organisation (WTO). It has also expanded the scope of the trade agreements that it negotiates, with regulatory cooperation, labour and environmental standards, investment, government procurement and competition policy now core features of such agreements.

The comprehensive nature of the EU's trade agreements has raised concerns among politicians, non-governmental organisations (NGOs) and the general public about the state's ability to regulate economy and society according to democratic principles and process: they fear that such agreements provide even more privileges to business than before, thereby exacerbating the costs associated with globalisation.

As a result, the EU's trade policy has become more politicised. This was certainly best exemplified by the high-profile cases of the Comprehensive Economic and Trade Agreement (CETA) with Canada and the Transatlantic Trade and Investment Partnership (TTIP) with the United States. However, this politicisation is not consistent and, in fact, has been quite limited.

As Sophie Meunier and Rozalie Czesana [point out](#), politicisation of trade deals in Europe varies over time, across negotiations and across member states. For instance, trade relations with the United States have been much more contested by the public than relations with China and Russia.

One might think that the scope of the agreement being negotiated would determine the degree of politicisation but, as the EU's recent trade agreements with Japan and Mexico show, this is not the case. Other factors are at play: values, identity, culture, institutions, economic competition and new technologies. For example, Francesco Duina [argues](#) that trade politicisation relates to the fundamental values and identities associated with particular EU trade agreements (e.g., food quality and traditions, consumer health, the environment, or animal rights), depending on the scope of their provisions.



Shinzo Abe with Donald Tusk at the EU-Japan Summit in Brussels, 2017. The EU and Japan agreed in principle to an Economic

Partnership Agreement during the summit, which subsequently came into force in February 2019. Credit: [European Council President \(CC BY-NC-ND 2.0\)](#)

In response to this perceived politicisation, the EU has attempted to make trade agreements and negotiations more transparent. For instance, the European Commission has implemented a series of changes such as publishing explanatory documents, textual proposals and third-party correspondence, as well as making public results of meetings with stakeholders and policy officials.

The EU has also been looking at ways in which it can make such agreements more 'progressive' by finding the appropriate balance between obstacle-free trade and the so-called 'right to regulate' (e.g., to protect the environment or labour rights, even if such regulation creates obstacles to trade), in order to address people's concerns and make 'free trade' more legitimate and acceptable politically.

Perhaps surprisingly, the EU's policy response to the perceived politicisation of trade policy does not actually represent a major shift from previous trade strategies. As Alasdair Young [argues](#), the 'balanced' elements of the EU's new trade strategy are related to ensuring that trade partners respect their obligations and unfair practices are addressed, while the 'progressive' elements are focused on defending and exporting EU regulations and norms, increased transparency of negotiations and implementing a new framework for screening foreign direct investment. But, as Young notes, this approach is not significantly different from what the EU has done in the past, which is why he concludes it will ultimately have limited impact on reducing politicisation, when and where it occurs.

The varying degree of politicisation in EU trade policy is not the only consequence of the structural changes to international trade that have occurred in the 21st century, such as the rise of global value chains (GVCs), the 'servicification' of trade, and digitisation. Given the importance of GVCs for its economy, it is important for the EU that international trade rules are respected and improved so that borders remain open to goods, services, capital, ideas and data/information.

The EU's relative trade bargaining power is thus particularly important, especially at a time when the WTO is facing an existential crisis as a result of the United States blocking the appointment of new members to the Appellate Body and invoking national security as a reason for adopting protectionist measures.

However, GVCs may not matter much for the EU's bargaining power when dealing with major economic partners such as China and the United States, whose governments are currently challenging existing trade rules to promote GVC network domination by their country's firms – on a regional (if not global) basis, most especially in high-tech sectors associated with the digital economy. As Anke Schmidt-Felzmann [demonstrates](#) in her analysis of the EU's trade and energy relations with Russia over the last two decades, the EU's ability to influence the standards and practices of an important economic partner remains limited.

Finally, in an era of deep and comprehensive 'third generation' trade agreements, trade politics and policy do not end when an agreement has been reached. The implementation of trade agreements has become a major issue. When agreements were focused mainly on tariffs, implementation was easy: customs administrations just had to publish new tariff schedules on the day the agreement came into effect. As a result, once such agreements were signed, politicians, bureaucrats and businesses moved on.

This is no longer the case. Agreements with provisions on regulatory and administrative matters require significant and sustained cooperation between the parties to the agreement if the latter's benefits are to be realised. Agreements must therefore plan for such cooperation to take place once the agreement has come into force. Institutional mechanisms have to be devised to ensure that cooperation and coordination occurs.

With new trade agreements being increasingly about regulatory cooperation, it is crucial to understand how such agreements are implemented once they have come into force. If there are differences in the degree (or quality) of implementation between agreements and/or between the EU and its trade partners, it is important to know why that is the case. The study of trade agreement implementation should thus also be added to the research agenda for EU trade policy in the twenty-first century.

For more information, see the authors' accompanying paper at the [Journal of European Public Policy](#)

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Note: This article gives the views of the authors, not the position of EUROPP – European Politics and Policy or the London School of Economics.

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