FIGHTING GLOBAL POVERTY

GLOBAL EUROPE:

THE EUROPEAN UNION'S DOUBLE ATTACK ON DEVELOPING COUNTRIES AND THE EUROPEAN SOCIAL MODEL

April 2008

The European Commission's October 2006 communication *Global Europe: Competing in the World* launched a double attack on working people in developing countries and on the social model of the European Union itself. War on Want has registered its deepest concern at this new EU trade strategy, which explicitly favours the interests of capital over the development needs of the global South. With its open emphasis on meeting EU business interests rather than broader international development objectives, the strategy threatens to condemn many of the world's poorer communities to deeper poverty. It also threatens to undermine the most progressive aspects of the European social model, to the long-term disadvantage of workers and other citizens of the EU.

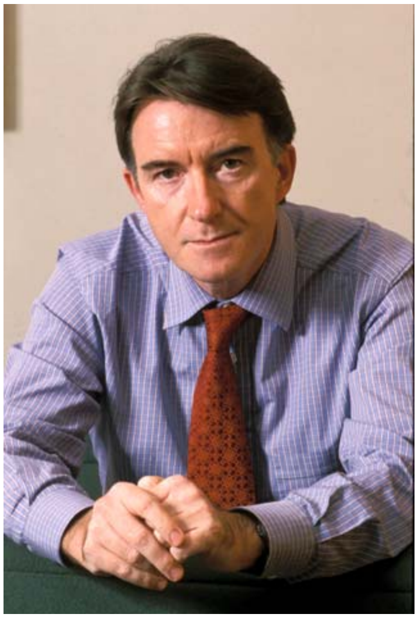
War on Want believes that a radically different approach is needed to ensure that EU trade relations do not have a negative impact on the prospects of developing countries or on the European social model. The following short analysis provides an introduction to the Global Europe strategy and a critique of the policy it represents.

Provenance

Global Europe: Competing in the World is a reaffirmation of the EU's neoliberal Lisbon Strategy as it applies to the EU's external economic relations. The document has its origins in the process initiated by the European Commission in September 2005 with its issues paper on 'Trade and Competitiveness', which was then discussed with business representatives at the Commission's fifth market access symposium in Brussels on 19 September 2005. The Commission published the final communication on 4 October 2006, along with a more detailed staff working paper and other supporting documents, and the EU's Council of Ministers received it officially at its General Affairs Council of 13 November 2006. The document therefore now represents the official trade strategy of all 27 EU member states.

Content

Global Europe defines the EU's interests in terms of an aggressive market access agenda on behalf of European business. This pro-corporate approach has been reaffirmed in the Commission's new market access strategy, *Global Europe: A Stronger Partnership to Deliver*



EU Trade Commissioner Peter Mandelson

Market Access for European Exporters, published in early 2007. Much is made of the need for an “activist”or “hard-nosed” approach to obtaining new market opportunities for European exporters, especially by means of a new generation of bilateral or regional trade agreements. With WTO negotiations in permanent crisis as a result of EU and US intransigence, the EU has now launched individual negotiations with ASEAN, India, Korea, China, Central America and the Andean Nations. In addition, the EU continues to pile pressure on African, Caribbean and Pacific countries to finalise Economic Partnership Agreements (EPAs) with the EU, despite the acknowledged damage such agreements will cause to their economies.

The Global Europe strategy identifies three key areas in which the EU will press to secure new market access opportunities for its corporations in external markets:

- **non-tariff barriers:** Global Europe renews the EU’s commitment to reducing tariffs in third countries, despite the acknowledged problems this can cause in many developing economies (including mass bankruptcies, redundancies and revenue losses). However, the EU also now seeks to increase its focus on a wide range of behind-the-border regulations which it terms barriers to trade. To this end, the EU proposes that its new generation of free trade agreements (FTAs) should provide for European companies to have prior consultation rights over new regulations which host countries might wish to introduce, and that industry should have access to monitoring and enforcement mechanisms “as efficient as the WTO dispute settlement” (which operates only on a state-state basis).

- **access to resources:** In response to lobbying by European business groups, the EU identifies unimpeded access to natural resources as a high priority and commits itself to tackling the “major problems” faced by EU industries in this regard. Many third countries employ export controls in order to safeguard natural resources for their own developmental and environmental purposes, and there has been strong resistance to what are widely perceived as the neocolonial intentions of powerful states in this regard. Yet the EU lists a wide range of sectors, and energy in particular, in which controls must be removed so that the access of EU business to such resources is guaranteed.

- **new areas of growth:** The EU lists intellectual property, services, investment, public procurement and competition as “areas of economic importance to us” which will require more aggressive action in future. While companies have succeeded in winning far-reaching intellectual property rights under the WTO's TRIPS agreement, largely to the detriment of developing countries, the EU complains that enforcement of these rights remains a challenge. Similarly, the EU bemoans the fact that services account for three quarters of its GDP and employment but only one quarter of world trade – yet third countries have expressed far-reaching concerns at the negative social and developmental impacts of liberalising their services markets for the benefit of EU business interests. The 'Singapore issues' of investment, public procurement and competition attained notoriety at the WTO, given the profound threats posed by liberalisation in these areas. Yet the EU still seeks to win "the ability to invest freely in third markets" on behalf of its industries by means of an "ambitious" new model EU investment agreement, as well as opening public procurement markets to the major transport, construction and utilities companies of the EU.

In addition, the EU's Global Europe strategy looks to a programme of internal as well as external liberalisation. The most significant threat posed by this programme is to be found in the stated intention of "harmonising" European standards so that they no longer create friction with trading partners whose standards are lower. Peter Mandelson made clear in his Churchill Lecture given in Berlin on 18 September 2006 that this means above all a process of convergence with the US regulatory system beloved by business for its meagre social and environmental content. Global Europe confirms that this agenda is driven wholly by corporate interests: "The greater the consistency in rules and practices with our main partners, the better for EU business." Nowhere does it mention the damage which such an agenda will cause to the peoples, the environment or the social model of the EU.

Analysis

The EU's twin focus on FTAs and internal liberalisation stems from its failure to achieve its corporate agenda through multilateral channels. The EU's attempt to introduce a multilateral investment agreement failed first at the OECD and then at the WTO's Cancún Ministerial in 2003. The attempt to start WTO negotiations on public procurement and competition policy also failed at Cancún, while the European services lobby has repeatedly expressed frustration with the Commission's unsuccessful efforts to open up foreign services markets on its behalf. The

WSF Global Day of Action, London, January 2008

EU's proposed ban on export taxes which restrict corporate access to the natural resources of developing countries has failed even to get onto the negotiating agenda at the WTO.

This failure is partly due to the fact that developing countries are no longer willing to submit to the ambitions of the European business community as represented to them by the European Commission. The formation of developing country blocs at the WTO has succeeded in frustrating the worst excesses of the industrialised countries' agenda, even if it has failed to deliver anything close to a 'development round'. The EU clearly hopes that it can win much greater gains for its business community through the bilateral route of FTAs.

Yet there has also been a home front of resistance to the EU's liberalisation agenda. Action from NGOs, farmers' groups, trade unions and a wide range of progressive political forces has frustrated the EU's most extreme efforts to liberalise the EU economy, whether through the WTO, the Bolkestein services directive, the port liberalisation programme or the EU constitution itself. This resistance has in turn frustrated the EU's ability to gain more market access for its companies overseas. Put simply, the EU has not been able to offer its trading partners the open markets which the Commission would love to create internally, and therefore has not been able to extract from those trading partners the new business opportunities demanded by EU companies externally.

Conclusion

The Global Europe strategy represents a determined assault on the economies of the developing world in the interest of European capital, and a parallel attack on the social model of the EU. The dual threat posed by this explicitly corporate agenda demands a comprehensive political response from parliamentarians and civil society in the EU and throughout the world. War on Want will be working with its partners to develop such a response over the coming months.

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