

EU Trade diplomacy

Abstract:

There is no standard, widely accepted common definition of trade/commercial diplomacy. Some authors emphasize the role of national diplomats to encourage bilateral business, trade promotion, investment promotion, and cooperation in science in technology. Others define commercial diplomacy as the work of a network of public and private actors who manage commercial relations using diplomatic means. Prof. Reuvers more recently defined commercial diplomacy as “the use of diplomatic means to support commercial activities such as export and foreign direct investment (FDI), pursued with means and resources available to the home country aiming at economic stability, home country welfare and a national competitive advantage”.

For the purpose of this presentation commercial diplomacy could be defined as “the deployment of diplomatic tools by state representatives or the European Union to promote and support commercial interests across national or European borders, with the aim to obtain value in terms of both strategic and economic benefits”.

The presentation will focus on EU as main “soft power” actor in trade diplomacy in a globalized, interdependent, interconnected, multipolar world. Through its active trade diplomacy the EU, as a major economic “powerhouse” and trade partner at world level, projects its external influence and credibility, protects its national and regional interests and supports its strategic foreign policy objectives, priorities and economic values (open markets, multilateralism, fair trade, implementing 4 Single market freedoms etc). EU trade diplomacy is a key component of the “EU in a globalized world” policy agenda.

Objectives, actors, benefits, instruments and methods / techniques of the EU trade diplomacy will be reviewed. The role of other public and private stakeholders will also be assessed. Instruments include Free Trade/Bilateral Investment Agreements, ICI and the Partnership Instrument (under the EU Budget), the creation of the European Business Centers and the European Chambers of Commerce in third countries, the Market Access data base, the Gateway programmes, the “GSP + “ trade facilitation instrument and the long-term Strategic Investment Plan (the “Juncker Plan”), open to foreign investors. Methods include advisory and intelligence activities, facilitation, networking, business support, trade negotiations, market support, export or advisory services etc.

Currently EU trade diplomacy is confronted with a growing number of challenges including rising protectionism, increasing popular resistance to further trade integration at regional or global level, rising unilateralism or bilateralism as alternative to multilateral agreements, lack of efficiency of international dispute settlement mechanisms, the reform of WTO, the broadening of the scope of multilateral or regional trade negotiations (encompassing sustainability, regulatory frameworks, services, IPR, economic security matters, mutual recognition clauses, HRs, reforms etc). In the framework of the Lisbon Treaty, a further issue at EU level refers to the identification of those trade matters which fall under the exclusive competence of EU and those which are mixed competences between EU and its MS. The role of the EP in trade issues is also increasing.

The presentation will describe specific cases of EU trade diplomacy represented by EU trade relations with the BRICs and other emerging economic and trade partners in the EU Neighbourhood, Asia and Latin America. Following BREXIT, EU future trade relations with UK still need to be negotiated and agreed..

The presentation will seek also to establish some relevant horizontal linkages between trade diplomacy on one side and security, migration, taxation, development and sustainability on the other side. Issues of policy coherence at EU level will also be addressed , taking into account the need to achieve better complementarity , efficiency and synergies between EU and its Member States (which manage their own bilateral trade policies and trade diplomacy in national interest) and between the EU internal and external instruments. The role of the private sector, the EU business community and other non- State actors (such as Chambers of Commerce, SMEs associations, business networks etc) will be reviewed. EU active trade diplomacy includes also the adoption of counter-measures to cope with particular or specific challenges. The presentation will mention the EU regime of sanctions towards Russia, and the recently adopted ex-ante FDI screening process at EU level for security and protection of national interest or strategic industries.

A set of conclusions and recommendations for further analysis and research will be provided. In particular, as suggested by BUSINESSEUROPE and the EU Round Table of Industrialists (RTI) , the economic dimension should be an integral part of the EU global strategy. A clear and consistent political and economic strategy towards key economic partners would be needed by using the EU “single voice” in the international arena to promote our economic interests. Full coherence would also be required between the internal economic policies of the EU intending to promote competitiveness and innovation and the external dimension that aims to enhance opportunities for European companies abroad. EU leverage should also generate new market opportunities for European companies in third markets, ensuring strong coordination between EU and member state actions and, most importantly, in close cooperation with business. EU market access strategy could also be enhanced., making this valuable tool more efficient in addressing barriers in third countries by using all available means to solve long-standing problems. EU also must ensure that economic issues like trade and investment are at the core of political discussions and political and business leaders have the opportunity to exchange openly on these topics. Closer cooperation with relevant business organisations in setting agendas, defining priorities and concrete deliverables is essential. The role of the EIB and the national investment and development banks of EUMS should be emphasized.