



# How far can trade policy go in promoting European values?

The EU can and should use trade agreements to promote European values but not at the expense of its economic interests, argues Luisa Santos

The discussions around trade policy have seen the emergence of a new narrative. The focus was shifted from trade as a means to increase market access and promote EU companies' competitiveness to new aspects such as transparency, inclusiveness and the need to mitigate negative consequences of trade and globalisation.

A critical juncture for the EU's trade policy was the European Commission's *Trade for All* Strategy published in October 2015. It explicitly states that the EU's trade policy should "*not only project our interests, but also our values.*" Since then, the debate on what objectives trade policy could and should seek has intensified within the European institutions and civil society.

This debate is in large fuelled by three interconnected perceptions:

1. Europe's traditional foreign policy tools, including development aid and multilateral diplomacy in forums like the United Nations and International Labour Organization (ILO) are perceived by some as not delivering sufficient results in a reasonable period of time in areas such as human rights, environmental protection or labour rights.
2. These instruments are seen as having failed to achieve their objectives (ie. compel third countries to alter their policies in the desired direction) due to insufficient incentives and weak avenues for enforcement.
3. As the world's largest common market, the EU wields considerable economic power and should use this leverage in its trade policy to achieve the above-mentioned goals that go beyond "traditional" market access objectives.

This line of reasoning has led many civil society actors, members of the European Parliament, and some member states to call for an expanded list of foreign policy goals to be achieved through the EU's trade policy. Concretely, this means that the EU is asked to increase its list of demands vis-à-vis a given third country before a preferential trade agreement between the two parties can be signed. Examples of such demands include, but are not limited to, respect of the Paris climate accord, prior ratification of ILO conventions, implementation of human rights conventions and corporate social responsibility guidelines, and adoption of high environmental standards.

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In this view, the EU's trade policy is seen as capable of delivering on all of these value-driven foreign policy goals. However, this approach risks overloading the trade policy agenda. If the EU's demands prior to any free trade agreement (FTA) negotiations increase in both scope and intensity, two detrimental outcomes are more likely.

The first is that a potential negotiation partner could use the EU's non-trade related demands to extract larger economic concessions from the EU. The second is that such excessive demands could deter the third country in question from concluding any trade deal with the EU. In the latter case, the EU's trade policy risks becoming ineffective, projecting neither European economic interests nor European values.

For the European business community trade policy should remain focused on its core objectives that are opening markets and improving trade and investment conditions for companies. This is even more important now that we are facing a wave of protectionism and increased market barriers. The EU's free trade agreements can support goals such as improving labour, environmental and health standards, since higher standards abroad not only contribute to global sustainable development but also to a level playing field for European companies.

However, labour rights, environmental protection, climate change mitigation and gender equality should not be the primary goals of the EU's trade policy. Just as FTAs should not be seen as the primary instrument for delivering on these objectives. For instance, the EU cannot and should not duplicate and consequently undermine the work of the International Labour Organization. Similarly, we believe that EU trade policy should not duplicate but complement the work of the Conference of the Parties (COPs) on climate arrangements.

In an era of global supply chains, the economic growth is happening mostly in emergent markets. Many of them, like China, have already become leading trade powers. Europe cannot afford to be naïve and lead this battle on

its own. The EU can and should use trade agreements to promote European values but not at the expense of its economic interests. ■

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