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Globalisation: what project for Europe?

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Today, globalisation is a disputed political project. Growing inequalities, the situation of "losers" and the "downwardly mobile", and the lack of transparency in negotiations all cast doubt on the capacity of international trade to contribute to progress. Governments need to answer a question that is both simple and complex: what is the point of globalisation?

Never, since the very first polls on this issue, have the benefits of globalisation been challenged to such an extent. For 58% of French people, globalisation is a threat[1]. Across the Atlantic, the Democrats are overwhelmingly in favour of global trade, but two thirds of Donald Trump's supporters feel that free trade agreements have been "a bad thing for the United States"[2]. "*Something is rotten in the state of globalisation*": yes, but why? For *The Economist*[3], the answer is relatively straightforward: policymakers are unable or unwilling to sing its praises. This is true, yet more complicated than it seems.

“New generation” trade agreements do not deal (solely) with trade “Selling” globalisation is all the more complex when the economy is already largely globalised. Gone are the days when liberalising trade consisted in bringing down customs duties. This is no longer truly the issue. The first key lesson from the conference organised by IDDRI at Sciences Po[4] is that all of the new trade agreements that the European Commission is about to sign, with the approval of the Council, are *not* actually trade agreements. They go beyond trade, addressing norms, rules and rights. What is in fact being negotiated is the convergence of collective preferences – social and environmental norms in the broad sense – protected by so-called “non-tariff” barriers. In CETA (the Comprehensive Economic and Trade Agreement), for example, one of the goals is to reduce from 36% to 3% the share of European exports to Canada subject to these “non-tariff barriers” – the various norms and procedures which, under the guise of specifying technical aspects of production and marketing, actually reflect societal choices. Whether or not it is possible to sell hormone-treated beef is an illustration of this: for negotiators, it represents market shares to be traded; for many American consumers, hormone-treated beef is just beef; and in Europe, hormone-treated beef is quite simply unacceptable. Another illustration: allowing a private investor to launch legal proceedings against a state which, through tax or regulatory provisions, has reduced the future profits expected by the investor in question, in courts that are not accountable to any citizens, is just as unacceptable to Europeans. This is once again a collective preference. It is not universal. Is it then negotiable?

Governing globalisation (differently) Should we follow Trump’s lead with the Trans-Pacific Partnership and withdraw from trade agreements in the current forms in which they are negotiated with a view to fostering a return to protectionism? The speakers at the conference all stressed that the alternative to globalisation is not deglobalisation: let us instead begin by asking ourselves – as Europeans – what exactly we expect from globalisation, over and above a few percentage points of growth, and then we can decide on the scope and content of world trade liberalisation. As Paul Magnette, the Minister-President of Wallonia, asked, “what political outcome do we want? And how can we ensure trade becomes an instrument to this end?”. Integrating climate and tax provisions into trade agreements[5] is, for example, a necessary step (since it is understood that what is being negotiated far exceeds trade) for Europe, which sees itself as a champion in the fight against global warming and inequalities. The success of the climate negotiations during COP21, and the resulting Paris Agreement, were largely based on the careful handling of national sovereignties for the benefit of a collective project: protecting a common good, the Earth’s current climate. The Sustainable Development Goals, which were adopted several months before the Paris Agreement, also validated this approach that is both sovereignist and universal, leaving countries free to choose the policies required at the national level to achieve the global goals negotiated. Intrusions into domestic policy areas and the lack of transparency that still characterise trade negotiations today make these negotiations a sort of anomaly in international cooperation. Could they not take inspiration from the way in which the Paris Agreement and the SDGs were negotiated? The European Union has a specific responsibility in the construction of a new – sustainable – project for the governance of globalisation, and the conclusion of the speakers converges with that of this blog post. It has internal responsibility in relation to the losers and the downwardly mobile under the social contract concluded between the citizens of Europe and the Union, but also external responsibility at a time when not enough is being said about how to hold the world together otherwise than by the brutality of reprisals and by turning inwards.

[1] Ipsos-Sopra Steria poll, April 2016. [2] Pew Center, 31 March 2016. [3] Why is world trade growth

slowing? *The Economist*, Oct 11, 2016. http://www.economist.com/blogs/economist-explains/2016/10/economist-explains-5 [4] http://www.iddri.org/Evenements/Conferences/Gouverner-la-mondialisation-apres-le-CETA.-Quels-choix-politiques-pour-la-France-et-l-Europe [5] See Morin, J.F. et al. (2016). Les négociations commerciales et la gouvernance climatique : l'UE comme précurseur, mais pas (encore) meneur, IDDRI, *Issue Brief* N°10/16.

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