Two Wrongs Make a Right?
The Politicization of Trade Policy and European Trade Strategy

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Abstract
Since 2014 the (relatively) calm waters of the EU’s trade policy have been roiled by widespread popular opposition to the EU’s trade negotiations with the United States and Canada and the apparent spread of anti-globalization populism. The Commission’s ‘balanced and progressive’ trade strategy is a response to these developments. This paper assesses whether the response is adequate. It concludes that the strategy is unlikely to address the identified problem, because it largely reflects continuity with past practices, which did not prevent or resolve the politicization of trade policy. It also concludes that the Commission’s assessment of the politicization of trade policy is exaggerated. Thus, two wrongs may have produced the ‘right’ policy, at least in the narrow sense that EU trade policy is unlikely to be as politically fraught in future.

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Introduction

Over the course of the past quarter century the European Union steadily emerged as a dominant trade power. The alignment of its member states’ trade policy preferences and institutional reforms gave its policy greater coherence and underpinned its greater activism. Since 2014, however, the (relatively) calm waters of the EU’s trade policy have been roiled by widespread popular opposition to the EU’s trade negotiations with the United States and Canada and by the rise of populism in Europe. These developments prompted the Commission (2017c: 2) to observe that the ‘environment in which the EU conducts trade policy has changed considerably.’ Its ‘balanced and progressive’ trade strategy is a response to that apparent politicization.¹

This paper assesses whether the Commission’s strategy is up to that task. In order to do so it answers two consecutive questions. First, has the Commission accurately diagnosed the causes of the politicization of trade policy? Second, does the Commission’s strategy plausibly address those causes?

This paper argues that the Commission has not identified appropriately the causes or extent of the politicization of trade policy. More specifically, it argues that the Commission has overgeneralized from an extreme case – the politicization of the Transatlantic Trade and Investment Partnership (TTIP) negotiations with the United States. In addition, the politicization of trade policy has not been driven by globalization, nor has the politicization of trade policy obviously contributed to the rise of populism. With respect to the response, this paper concludes that the Commission’s ‘balanced and progressive’ trade strategy is characterized more by continuity than by change. As a result, it would be unlikely to address the problems that a very similar policy created. Thus two wrongs might have produced the ‘right’ policy, at least in the narrow sense that EU trade policy is unlikely to be as politically fraught in future.
The next section discusses the politicization of EU trade policy. The following section critiques the supposed cases of the politicization of European trade policy and its relationship to the rise of populism. Then the paper discusses the EU’s ‘balanced and progressive’ trade strategy, comparing the key trade policy proposals to those in the EU’s previous trade policy strategy in order to establish what is actually new. The paper concludes by considering the implications for the EU’s trade policy process in future.

The politicization of EU trade policy

In the early 2010s EU trade policy went from being contested amongst a relatively small group of actors largely out of public view to being actively challenged in the public sphere. Between 7 October 2014 and 6 October 2015, more than 3 million people signed an informal citizens’ initiative against TTIP and the then nearly completed Comprehensive Economic and Trade Agreement (CETA) with Canada. A Global Day of Action against trade in April 2015 spawned hundreds of demonstrations across Europe. This level of public engagement with and opposition to trade policy in Europe was unprecedented.

European policy-makers took note. The Commission (2015:3) observed, ‘In recent years, the debate about trade has intensified. A much broader public is now interested in trade policy ….’ The European Parliament (2016: 3) concurred, ‘… on-going trade negotiations have brought the EU’s trade policy to the public’s attention ….’ The increased salience of trade policy coupled with a polarization of opinion about it and the expansion of actors and audiences engaged in discussions of trade policy meant that trade policy in Europe had been politicized (Zürn 2018: 140).
Subsequently, the United Kingdom’s June 2016 vote to leave the EU, Donald J. Trump’s election as president in the United States in November 2016 and Marine Le Pen’s strong showing in the 2017 French presidential elections prompted concerns about the rise of populism and globalization’s contribution to it (Commission 2017b: 9; 2017c: 2). This further heightened the political significance of EU trade policy.

Politization, however, does not just happen. It requires agency; an actor is required to move an issue into the political realm (Dür and Mateo 2014; Siles-Brügge 2017; Young 2017b; Zürn 2018: 141). In addition, not all issues are equally susceptible to politicization; an agent’s framing of the issue as a threat must resonate with the audience (Dür and Mateo 2014; Siles-Brügge 2017; Young 2017b). The politicization of EU trade policy, therefore, was the result of a contingent process.

The Commission’s 2015 ‘Trade for All’ Trade Strategy (Commission 2015), its ‘Reflection Paper on Harnessing Globalisation’ (Commission 2017b) and the subsequent communication on ‘A Balanced and Progressive Trade Policy to Harness Globalisation’ (Commission 2017d) collectively set out how the Commission proposed to respond to the politicization of trade policy.4 I use the term ‘balanced and progressive’ to refer to this new trade strategy. The ‘Trade for All’ Strategy was ‘welcomed’ by both the European Parliament (2016: 4) and the Council of the EU (2015: 2), so it represented the EU’s trade strategy, and not just that of the Commission.

The first wrong: Misunderstanding politicization

That politicization is a contingent process means that it is particularly important to understand why trade policy became politicized and the extent to which it has. The Commission, however, may have misinterpreted the cause of the politicization of EU trade policy and thus overestimated its extent. First, the Commission seems to treat the unprecedented public opposition to the TTIP
negotiations, and by extension to CETA, as representative of attitudes towards trade agreements more generally (Commission 2015: 3). This is a case of generalizing from an extreme case. Second, the Commission identified concern about low-cost import competition as contributing to the rise of populism, but trade has not generally been politicized in this way.

*Mistaken generalization*

There is not widespread hostility to trade liberalization in Europe. Rather, sizeable majorities in every member state have positive views of free trade (Eurobarometer 2017: 60). Although a person’s attitudes towards free trade in general can be very different from his/her attitudes towards a specific trade agreement (Jungherr et al 2018: 216), the fact that attitudes towards trade at the height of the politicization of trade policy were very similar to those in 2005, before trade policy became politicized, suggests that the politicization of European trade policy has been more specific than general.

In addition, public opposition to TTIP was far greater than to any of the other trade agreements that the EU negotiated about the same time. CETA attracted opposition only after the TTIP negotiations were launched and CETA was linked to them by civil society organizations (CSOs) (Hübner, Balik, and Deman 2017; Young 2016). The EU-Japan negotiations went largely unnoticed by CSOs, parliamentarians and the general public (Suzuki 2017; Young 2016). The EU-Vietnam and EU-Singapore agreements flew completely under the radar. Member state parliaments paid much more attention to TTIP than to any of the other trade agreements the EU pursued contemporaneously (Roederer-Rynning and Kallestrup 2017). Public attention and opposition to TTIP, therefore, was very much the outlier.
That other contemporaneous trade negotiations were not politicized suggests that there was something distinctive about TTIP. Some authors emphasize the ambition of the agenda, which sought to go further than the other negotiations in terms of regulatory cooperation (De Ville and Siles-Brügge 2017; Young 2016), as did the Commission (2015: 3). That the US was a near-peer made the prospect of the EU compromising on such cooperation more plausible (Eliasson and Garcia-Duran 2017), even if there was good reason to expect those fears to be overblown (De Bièvre and Poletti 2017). Other authors stress that individuals’ attitudes towards the US shaped their view of the negotiations (Jedinger and Schoen 2017; Jungherr et al 2018: 237). These are reinforcing rather than rival explanations (see, for instance, Jungherr et al 2018), which only serves to emphasize the distinctiveness of the TTIP negotiations.

Many accounts of public opposition to the TTIP negotiations highlight the role of CSOs in mobilizing that opposition (Bauer 2016; Eliasson and Garcia-Duran 2019; Siles-Brügge 2017; Strange 2015). CSOs did not pay the same degree of attention to the other trade agreements (Young 2016; 2017b). Why they did not is beyond the scope of this paper, but it is plausible that the TTIP negotiations, which were particularly ambitious and involved a uniquely powerful partner that provoked strong emotions, were exceptionally susceptible to politicization.

This discussion suggests that there may not be a popular backlash in Europe against trade policy in general. Rather, politicization was the result of a unique civil society campaign against a specific negotiation with highly distinctive characteristics – TTIP – which are unlikely to be replicated in other negotiations. The politicization of trade in Europe may have been transient.
Misdiagnosis

The Commission (2017c: 2) also expressed concern about the effects of globalization as driving the politicization of trade policy. The Commission’s 2017 ‘Reflection Paper on Harnessing Globalisation’ observed: ‘[Many Europeans] see globalisation as synonymous to job losses, social injustice or low environmental, health and privacy standards’ (Commission 2017b: 3). More specifically, it contended that foreign competition, some of it from countries ‘with lower wages, environmental standards, or taxes,’ has ‘led to factory closures, job losses or downward pressure on workers’ pay and conditions’ (Commission 2017b: 9). Moreover, the view that governments are not able or willing to manage the impacts of globalization has contributed to what the Commission (2017b: 9) described as a ‘political challenge;’ the rise in support for populist parties.

There is an extensive and lively debate about whether the recent increase in support for populist parties in Europe and elsewhere is driven more by a backlash against cultural changes; by economic insecurity (Colantone and Stanig 2018; Fetzer 2018; Pappas and Kriesi 2016); or by a combination of the two (Inglehart and Norris 2017: 447; Sandbu 2017). Those that identify economic insecurity as a cause for increased support for populist parties disagree as to the cause of that insecurity. Colantone and Stanig (2018) emphasize import competition. Fetzer (2018) stresses the impact of austerity measures. Pappas and Kriesi (2016: 323-4) find partial support for a link between the Great Recession and the rise of populism. Inglehardt and Norris (2017) stress rising inequality, which has been driven by the adoption of new technologies and policy changes, as well as trade (OECD 2011). The Commission itself contends that unemployment, stagnant wages and rising inequality are caused by technological change and the ‘legacy’ of the global financial crisis, rather than by trade (Commission 2017a: 9; Malmström 2017: 2), although it is
not blind to the distributional implications of trade liberalization, conceding that ‘for the people directly affected a change like this is not small’ (Commission 2015: 11).

Weighing in on the debate about the causes of increased support for populist parties is well beyond the scope of this paper. What is pertinent for my purposes is the extent to which the ills associated with globalization have been politicized and thus contributed to the politicization of EU trade policy.

The answer, rather surprisingly, is not very much. Support for protectionism has not figured prominently in the campaigns of European populist parties (see Table 1). Even during the period in which trade policy was supposedly politicized, support for protectionism figured not at all in the manifestos of the Dutch Freedom Party, the Austrian Freedom Party and the Sweden Democrats. It barely registered in the manifestos of Alternative for Germany, Syriza and Podemos. The Leave Campaign in the UK actually argued that leaving the EU would enable the UK to pursue a more liberal trade policy. Even Die Link (the Left), which campaigned actively against TTIP, did not make much of trade policy in the 2017 German parliamentary election. Of the major populist parities in Europe, only the National Front in France put much emphasis on increasing protectionism. The lack of an emphasis on protectionism in populist parties’ campaigns is particularly striking as these are the parties that would be most likely to capitalize on such an anti-elitist message. Rather, identity and immigration loomed larger than trade policy in the campaigns of populist parties on the right, as did austerity for those on the left (Goodhart 2017: 51-2; Mudde and Kaltwasser 2017: 34-7).
Table 1 Selected populist parties and trade
Elections held 2014-2017

<table>
<thead>
<tr>
<th>Country</th>
<th>Party</th>
<th>Party family</th>
<th>Election year</th>
<th>Share of quasi-sentences...</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>supporting protectionism</td>
</tr>
<tr>
<td>France</td>
<td>National Front</td>
<td>Nationalist</td>
<td>2017</td>
<td>5.4</td>
</tr>
<tr>
<td>Germany</td>
<td>Alternative for Germany</td>
<td>Nationalist</td>
<td>2017</td>
<td>1.2</td>
</tr>
<tr>
<td>Greece</td>
<td>Syriza</td>
<td>Socialist</td>
<td>2015</td>
<td>0.7</td>
</tr>
<tr>
<td>Greece</td>
<td>Golden Dawn</td>
<td>Nationalist</td>
<td>2015</td>
<td>0.6</td>
</tr>
<tr>
<td>Germany</td>
<td>The Left</td>
<td>Socialist</td>
<td>2017</td>
<td>0.5</td>
</tr>
<tr>
<td>Spain</td>
<td>We Can (Podemos)</td>
<td>Socialist</td>
<td>2016</td>
<td>0.3</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Party of Freedom</td>
<td>Nationalist</td>
<td>2017</td>
<td>0.0</td>
</tr>
<tr>
<td>Austria</td>
<td>Austrian Freedom Party</td>
<td>Nationalist</td>
<td>2017</td>
<td>0.0</td>
</tr>
<tr>
<td>Sweden</td>
<td>Sweden Democrats</td>
<td>Nationalist</td>
<td>2014</td>
<td>0.0</td>
</tr>
</tbody>
</table>


To the extent that populist parties were concerned with trade, increased competition was not their only concern. Marine Le Pen’s (2017) unsuccessful campaign to become president of France did emphasize trade’s role in undermining employment and equality. Even so, the campaign also expressed concerns about ‘savage globalization’ curtailing domestic regulation. Although trade did not figure prominently in the campaign, the coalition agreement between Italy’s Five Star Movement and League expressed opposition to all trade agreements like CETA and TTIP that entail ‘excessive weakening of citizens’ protections,’ as well as ‘damage to fair and sustainable competition’ (Politi 2018). Thus low-cost competition is not the only concern of those populists that are sceptical about trade.

The variation in the extent of the politicization of different trade agreements that the EU negotiated almost simultaneously also suggests that low-cost competition is not a particular concern. European CSO and public opposition to trade agreements was more intense with respect to deeper agreements with developed countries (Canada and the US) than it was to shallower agreements with lower-cost countries (such as Mexico, Mercosur and Vietnam) (Young 2017b:...
These revealed preferences are the opposite of what one would expect if Europeans were concerned about low-cost competition. Trade with developed countries, such as the US, is dominated by intra-industry and intra-firm trade, while that with developing countries tends to be made up of trade in goods from different industries. Liberalizing intra-industry (and particularly intra-firm) trade tends to be less disruptive than liberalizing inter-industry trade liberalization as it is easier to transfer skilled labor and capital between firms within the same industry than between different industries. As a result, it tends to prompt less political opposition than liberalizing inter-industry trade (Milner 2012: 723). In addition, developed-country exporters have comparable cost structures to European firms, while developing-country exporters face much lower labor and environmental costs. Trade with developed countries is not the type of competition that the Commission is concerned about.

The new, new trade theory (for a review see Kim and Osgood 2019), which focuses on the competitiveness of individual firms and thus on competition within industries, suggests that intra-industry trade can adversely affect jobs as more productive firms outcompete less productive ones, which means that fewer workers would be needed to produce the same volume of goods or services. The implications of TTIP for European employment or wages, however, was not a major reason for either the European Trade Union Confederation’s or the wider anti-TTIP campaign’s opposition to TTIP (see ETUC 2015; Eliasson and Garcia-Duran 2019: 53). Concerns about the labor market implications of the agreement also came a distant fifth in public concerns about TTIP in Germany, according to a Bertlesmann Stiftung (2014: 18). If low-cost competition, as the Commission contends, were a major concern, then opposition to trade agreements with developing countries should have been much greater than that to agreements with developed ones. Concern
about low-cost competition, therefore, would not seem to be a driver of the politicization of trade policy in Europe.

The second wrong: New challenge, same policy

Although there are reasons to doubt the extent of the politicization of EU trade policy, the Commission is convinced that there is a problem that needs to be addressed. Its 2015 ‘Trade for All’ Trade Strategy stressed that ‘[a]ctively managing change [associated with trade liberalization] is therefore essential to making sure the benefits of globalisation are fairly distributed and negative impacts are mitigated’ (Commission 2015: 11). Europeans’ concerns about globalization’s contribution to ‘job losses, social injustice or low environmental, health and privacy standards’ and ‘the erosion of traditions and identities’ ‘need to be addressed’ (Commission 2017b: 3).

In order to assess the significance of the proposed policy change as a response to the politicization of trade, I compare the ‘balanced and progressive’ trade strategy to the EU’s 2010 trade strategy (Commission 2010a), which was adopted prior to the politicization of trade policy. Comparison of the pre- and post-politicization trade strategies helps to isolate those changes adopted in response to the politicization of trade policy.

I focus my comparison on those aspects of the ‘balanced and progressive’ trade agenda that are directed specifically at addressing European citizens’ concerns about trade. I do not, therefore, address aspects of the strategy aimed at promoting exports or facilitating transnational production chains. The working assumption is that a new approach is necessary, if not sufficient, to address the politicization that arose under the previous trade strategy.

Before turning to the analysis, it is necessary to address two issues associated with a comparison of the Commission’s trade strategy documents. The first is that I am comparing words,
not deeds. The second concerns whether the words actually reflect the Commission’s motivations or are intended just for public consumption.

Although the EU’s trade policy will ultimately be judged by its effects (see Bode 2018; Dempsey 2018), the EU’s trade strategy is a statement of intent; policies it means to pursue. As strategy documents reflect aspirations and intentions, a comparison is more likely to overstate the degree of policy change than to understate it. In addition, focusing on aspirations removes the temporal dimension, as policy changes take time and will be episodic. Focusing on words thus also facilitates comparison between a relatively new policy initiative and its predecessor.

A focus on the Commission’s words is also particularly appropriate precisely because the documents are intended to be part of the public debate and to be a response to public concerns. It does not matter for my purpose whether the documents reflect the Commission’s actual motivations or just how it is seeking to persuade the public or other policy makers (on this challenge see Siles-Brügge 2014: 204). What matters is what the Commission is telling the public and policy makers it is going to do to address the public’s concerns.

The discussion below is structured around the public concerns that the new trade strategy is intended to address. The ‘balanced’ portion of the strategy is primarily about addressing the negative consequences of foreign competition. The ‘progressive’ elements reflect the ‘conclusions’ that the Commission (2015: 3) drew from the public opposition to TTIP (and CETA).

**Balanced trade policy: Responding to unfair competition**

One way for governments to help those adversely affected by trade is through providing compensation, such as through welfare benefits (Colantone and Stanig 2018: 937). Given the allocation of policy authority in the EU, however, compensation is the purview of the member
states, not the EU, apart from the limited European Globalisation Adjustment Fund (EGF), which it promised to try to make more effective (Commission 2015: 12). The Commission (2017b: 16-20) did call on the member states to act to address unemployment and inequality, although its proposals were longer on enhancing competitiveness than on providing compensation.

The other traditional trade policy response for aiding those adversely affected by trade is protectionism (Colantone and Stanig 2018: 937). Responsibility for trade policy lies squarely with the EU. EU Trade Commissioner Cecilia Malmström (2017: 2), however, stated explicitly that treating trade as the problem and protectionism as the solution would at best delay addressing the real problem and at worst make the situation worse. As Table 2 demonstrates, the Commission’s ‘balanced and progressive’ trade strategy continued to reflect a commitment to domestic trade liberalization. More particularly, the documents continue to assert the value of openness to imports in and of itself, not only as something to be traded for access to others’ markets. This commitment to domestic trade liberalization reflects continuity not only with the 2010 trade strategy, but also with the Commission’s first proto-trade strategy – its 1996 ‘Market Access Strategy’ (Commission 1996: 3) – and its more fully developed 2006 ‘Global Europe’ strategy (Commission 2006). The EU, therefore, has not weakened its commitment to domestic liberalization in response to concerns about the impact of import competition on European politics.

With a strong shift towards protectionism ruled out, the ‘balanced’ portion of the trade strategy focused on ensuring that the EU’s trade partners abide by their obligations and on addressing unfair trade practices, particularly dumping and subsidies. Enforcing the rules was a centerpiece of the 1996 Market Access Strategy and acting against dumped and subsidized products has been EU policy since the creation of the customs union. In the wake of the global financial crisis, the Commission announced in its 2010 trade strategy that it would be more
‘assertive,’ which included: levelling the playing field; putting greater emphasis on enforcing agreed rules; and combatting unfair trade practices (Commission 2010b: 7; Council 2010: 5; Young and Peterson 2014: 64-5). The ‘balanced’ component of the new trade strategy, therefore, is broadly a continuation of this approach (see Table 2).

Table 2 ‘Balanced’ elements

<table>
<thead>
<tr>
<th>Liberalization/protectionism</th>
<th>2010 ‘Europe 2020’</th>
<th>Balanced and Progressive</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>trade openness continues to enhance welfare levels and boosts employment and wages in … the EU. Openness creates jobs. (Commission 2010a: 2 and 4)</td>
<td>Opening up the EU economy to trade and investment is a major source of productivity gains and private investment, both of which the EU sorely needs. They bring ideas and innovation, new technologies and the best research. They benefit consumers, lowering prices and broadening choice. Lower costs and greater choice of inputs directly contribute to the competitiveness of EU companies at home and abroad. (Commission 2015: 4; see also Commission 2017b: 7 and 8; 2017d: 2 and 3)</td>
</tr>
<tr>
<td>Not being naïve</td>
<td>the Commission will remain vigilant in defence of European interests and European jobs. It will fight unfair trading practices with all appropriate means. (Commission 2010a:3)</td>
<td>The EU must ensure that its partners play by the rules and respect their commitments. … The EU also needs to stand firm against unfair trade practices through anti-dumping and anti-subsidy measures. (Commission 2015: 10 See also Commission 2017b: 15; 2017d: 5)</td>
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</tbody>
</table>

While the Commission (2017d: 5) noted that the EU is already active in enforcing its trade agreements, it advanced some specific proposals with respect to strengthening trade defense. Specifically, it stated that it would work ‘intensively with the European Parliament and the Council to achieve the proposed overall modernisation of trade defence instrument rules and a new anti-
dumping calculation methodology’ and would propose ‘strengthening’ the anti-subsidy trade
defence instrument. These are distinctly modest proposed changes. The balanced portion of the
EU’s new trade strategy, therefore, offers little new to reassure those affected or potentially
affected by import competition.

**Progressive elements: Conclusions from TTIP**

There are four principal elements to the progressive aspect of the EU’s new trade strategy:
defending EU regulations; exporting EU norms; a new way of treating foreign direct investment
(FDI); and increased transparency in the conduct of negotiations (see Table 3). The first two are
long-standing objectives of EU trade policy. The third modifies and partially reverses a recent
change, but not entirely in order to address public concerns. Increased transparency represents a
change from the previous strategy, but a normalization of practices adopted during the TTIP
negotiations.

The EU has consistently underlined its commitment to not compromising on EU
regulations in the pursuit of trade liberalization. As the 2015 ‘Trade for All’ Strategy notes, this
was existing EU trade policy (Commission 2015: 14; see also European Parliament 2016: 3).
When the Commission first proposed actively pursuing international regulatory cooperation in the
1996 ‘Market Access Strategy,’ the General Affairs Council, when endorsing the strategy, stressed
that those efforts should not put the ‘[s]ingle market regulatory regime into jeopardy’ (Council
1997). The Commission’s repeated instance that the EU would not compromise on its consumer,
environmental or labor regulations during the TTIP negotiations, however, did not calm public
fears (De Bièvre and Poletti 2017; Garcia-Duran and Eliasson 2017).
Table 3 Progressive elements

<table>
<thead>
<tr>
<th></th>
<th>2010 ‘Europe 2020’</th>
<th>Balanced and Progressive</th>
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<tbody>
<tr>
<td>Protecting EU rules</td>
<td>in line with existing EU Trade policy, [the Commission] pledges that no EU trade agreement will lead to lower levels of consumer, environmental or social and labour protection than offered today in the European Union, nor will they constrain the ability of the EU and Member States to take measures in the future to achieve legitimate public policy objectives on the basis of the level of protection they deem appropriate. (Commission 2015: 14)</td>
<td></td>
</tr>
<tr>
<td>Exporting European norms</td>
<td>Through trade, we should also promote the greening of the world economy and decent work. (Commission 2010a :3)</td>
<td>Trade and investment policy must equally take responsibility for supporting and promoting EU values and standards. The EU must engage with partners to promote human rights, labour rights and environmental, health and consumer protection, support development and play its part in stamping out corruption. (Commission 2015: 26)</td>
</tr>
<tr>
<td>Investment protection</td>
<td>seek to integrate investment protection together with investment liberalisation into on-going trade negotiations (Commission 2010a :5)</td>
<td>put stronger emphasis on the right of the state to regulate…. EU bilateral agreements will begin the transformation of the old investor–state dispute settlement into a public Investment Court System (Commission 2015: 5) … the debate on the best architecture for EU trade agreements and investment protection agreements must be completed (Commission 2017d: 3)</td>
</tr>
<tr>
<td>Transparency</td>
<td>the new institutional framework of the Lisbon Treaty, which should be seen as a major opportunity in that it lends greater transparency and legitimacy to EU trade policy, gives a new voice to the European Parliament in trade matters…. (Commission 2010: 4-5).</td>
<td>Transparency is fundamental to better regulation. Lack of transparency undermines the legitimacy of EU trade policy and public trust. Transparency should apply at all stages of the negotiating cycle from the setting of objectives to the negotiations themselves and during the post-negotiation phase. (Commission 2015: 13)</td>
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The balanced and progressive trade strategy also identified a number of areas in which the EU would seek to raise other countries’ standards through trade agreements, including with respect to ‘human rights, working conditions, food safety, public health, environmental protection and animal welfare’ (Commission 2015: 26 and see Table 3). Commission President Jean-Claude Juncker (2017), in his 2017 State of the Union address, stated ‘Trade is about exporting our standards, be they social or environmental standards, data protection or food safety requirements.’

Promoting the adoption of environmental and labor standards by others, however, is also an established objective for EU trade policy. One of the two trade policy objectives explicitly identified in the 1996 ‘Market Access Strategy’ (Commission 1996: 4) was ‘to encourage our trading partners to adopt standards and regulatory approaches based on, or compatible with, international and European practice.’ The 2002 EU-Chile Association Agreement was the first EU trade agreement to include non-binding chapters on labour and the environment. The 2010 EU-Korea agreement was the first to contain a legally binding sustainable development chapter, covering both labor and environmental standards, and became the model for subsequent EU trade agreements (Postnikov 2018).

The objective of exporting the EU’s rules has traditionally been presented as part of a progressive agenda, promoted on the grounds that adopting EU standards would benefit the adopter and help to realize Sustainable Development Goals (Baldwin 2006: 937; Commission 2017d: 4). Promoting European standards, therefore, played a role in making the case that European trade policy delivered benefits beyond simply benefitting firms, and thus that EU trade policy was ‘for all’ (Commission 2015: 3). The inclusion of a binding sustainable development chapter in CETA, however, did not blunt public opposition to the agreement. Thus seeking to
advance the adoption of labor and environmental standards through trade agreements is an established EU policy, which pre-dates the politicization of trade policy.

In response to concern about the rise of populism, the promotion of European environmental and labor standards, however, did acquire an additional justification. The export of European standards became associated with addressing other countries gaining an ‘unfair’ competitive advantage through having lower production costs due to less stringent environmental and/or labor standards. The Commission (2017b: 13), for instance, noted that ‘[global] rules do not provide for a level playing field or sufficiently address harmful and unfair behaviours, such as tax evasion, corruption, resources extraction, illicit financial flows, harmful government subsidies or social dumping.’ The European Parliament (2016: 17) argued that trade agreements ‘should promote fair competition’ to ensure that EU farmers are not put at a competitive disadvantage due to ‘Europe’s high standards concerning the environment, food safety, animal welfare and social conditions.’ The balanced and progressive trade policy, rather than promoting new policies, provided a new justification to a long-standing objective.6

There was a much more significant double-move with respect to the EU’s treatment of foreign direct investment: first a shift in how investments are protected and then the move to stop including investment provisions in trade agreements. Only the first of these moves was motivated by the politicization of trade policy, and the significance of the second remains to be established.

In the 2010 trade strategy, the Commission, reflecting changes introduced by the Treaty of Lisbon, incorporated investment into its trade strategy for the first time, calling for promoting investment liberalization through trade agreements (Commission 2010a: 5 and see Table 3). A common investment protection provision is to enable transnational companies to seek compensation for appropriation of their property by a host government through a system of
international arbitration, known as investor-state dispute settlement (ISDS). This provision, which had been invoked by firms under other agreements to seek compensation for change to (particularly environmental) regulations, became a lightning rod for popular opposition to the TTIP and CETA negotiations. The Commission responded by modifying its negotiating position to both make more prominent protections of governments’ right to regulate and to shift away from ISDS to an Investment Court System in which private parties have less say (Siles-Brügge 2017). This new mechanism was inserted, at EU insistence, into CETA after the negotiations were concluded. It was then included in the EU’s agreements with Vietnam and Singapore (Meunier and Morin 2017). This change was incorporated into the ‘balanced and progressive’ trade strategy (see Table 2).

This shift in policy was insufficient to appease the CSOs that opposed TTIP and CETA (Hancock 2015; TACD 2016: 2), but it was sufficient to placate some crucial social democratic politicians, paving the way for the EU to apply CETA provisionally (Siles-Brügge 2017). The Commission’s effort, therefore, helped to reduce the politicization of CETA by assuaging the concerns of part of the audience of the politicizing move.

The Commission subsequently proposed that investment agreements be negotiated separately from trade agreements, as it did in its 2017 proposal to launch negotiations with Australia and New Zealand (Commission 2017d: 6). Because the Court of Justice of the EU determined that investment protection does not fall within the exclusive competence of the EU (CJEU 2017), any trade agreement incorporating such provisions must be ratified by all member states individually, as well as by the EU. The need for such member-state approval of CETA and the requirements of Belgian federalism enabled the Walloon Parliament to impede the signing of the agreement until it had secured additional clarifications and commitments (Young 2017a: 106-8). In order to avoid a repetition of this situation, which the Commission considered undermined
the EU’s negotiating credibility, the Commission proposed removing investment from trade agreements in order to keep them within the EU’s exclusive competence (Commission 2017b: 14). The Council (2018: 3), however, stressed that whether to include investment in a trade negotiation is a decision for the Council. Removing investment from trade agreements would have the effect of eliminating one of the civil society organizations’ principal objections to TTIP and CETA from future trade agreements, as the morphing of the Stop TTIP campaign into the Stop ISDS campaign suggests, but that was not the primary motivation for doing so. Rather, the Commission sought to reduce the policy implications of politicization by drastically decreasing the number of veto players.

The other notable change in the ‘balanced and progressive’ trade strategy from its 2010 predecessor was a much greater emphasis on transparency. In its 2010 trade strategy, the Commission relied on the new powers that had been granted to the European Parliament in trade policy under the Lisbon Treaty to provide transparency and lend legitimacy (see Table 3). During the TTIP negotiations, the European Parliament developed and institutionalized its oversight practices (Roederer-Rynning 2017). The ‘balanced and progressive’ trade strategy made this closer engagement with the Parliament the model for all negotiations (Commission 2015: 13; 2017d: 2-3). The Commission (2015: 13) also announced that it would:

- publish its recommendations for negotiating directives for trade agreements;
- invite the Council to disclose all negotiating directives immediately after their adoption;
- extend the TTIP practice of publishing EU texts online for all trade and investment negotiations during the negotiations; and
- after finalising negotiations, publish the text of the agreement immediately without waiting for the legal revision to be completed.
In addition, the Commission pledged to create a civil society group to provide advice on the EU trade agreements.

Although the EU has had consultation groups for trade policy before (Gheyle and De Ville 2017), the other proposed changes imply a considerable increase in how transparently the EU conducts trade negotiations compared to those concluded before TTIP. The change, however, is not so great when compared to the Commission’s response to demands for greater transparency during the TTIP negotiations. The unprecedented transparency of the TTIP negotiations, however, fell far short of what was demanded by TTIP’s opponents, reflecting very different understandings of how much transparency is desirable and whether it is a substitute for or a complement to participation (Gheyle and De Ville 2017: 23). Moreover, the Council (2015: 7) has been much more qualified than the Commission in its support for increased transparency, stating that ‘better involve[ing] all stakeholders in the preparation, negotiation and implementation’ of trade policy ‘should respect the existing institutional balance and applicable rules regarding classified information, and not prejudice the EU’s negotiating positions or international relations.’

Increasing transparency may reassure part of the audience, as the shift to the ICS did, even if it does not placate the agents of politicization, thereby damping down the politicization of trade policy.

The EU’s ‘balanced and progressive’ trade strategy, therefore, represents more continuity than change. In many cases this continuity extends back well before the politicization of trade policy: protecting EU regulations; promoting European norms; and improving the effectiveness of trade defence instruments. These policies were not sufficient to prevent the politicization of trade policy and, therefore, hold out little promise for containing it. Other proposals reflect normalizing policies and practices developed in response to public opposition to TTIP. These developments,
however, failed to assuage the civil society opponents of TTIP, but did reassure some of the audience and thus may help to contain the politicization of trade negotiations in future. The most dramatic change from (recent) past practice was the decoupling of investment from trade agreements, but this proposal was motivated by a desire to reduce the policy implications of politicization rather than to reduce the politicization itself, although it may have that effect. The Council, however, has not fully endorsed that change. The ‘progressive and balanced’ trade strategy, therefore, relies on efforts that either did not prevent public opposition to previous trade negotiations or were insufficient to assuage the fiercest critics of the EU’s trade policy.

Conclusion

In the wake of widespread popular opposition to TTIP and the rise of populist parties in Europe, the Commission declared that the political ‘environment’ in which trade policy is made had changed. A flurry of strategy documents during 2015-17 laid out how the Commission proposed to adapt to this new environment; its ‘balanced and progressive’ trade strategy. The proposed changes, however, reflect a high degree of continuity with the previous trade strategy or the practices developed during the TTIP negotiations. Persevering with practices that did not prevent or resolve the politicization of trade policy in the past is unlikely to do so in the future, although some of the Commission’s adaptations during the TTIP negotiations may have reassured some of the audience for politicization.

This paper, however, argues that the politicization of EU trade policy has been overstated. Low-wage import competition has not been politicized either by the civil society organizations that opposed TTIP and CETA or, for the most part, by populist parties. This may reflect an assessment that they do not think that the issue resonates strongly with the public. While the TTIP
negotiation was politicized, it was a highly atypical negotiation in terms of both its ambition and the power and character of the negotiating partner. The extent of politicization with respect to TTIP, therefore, is likely to be the exception, not the rule. Thus, the politicization of trade policy in Europe might not be nearly as significant as it appears.

To the extent that the problem of politicization was exaggerated, an emphasis on continuity in policy might well be appropriate. In this case, two wrongs may make a right, at least in terms of the narrow sense that EU trade policy is unlikely to be as politicized in future.

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Notes


6 The Commission (2018) subsequently ruled out adopting a more aggressive strategy for promoting European environmental and labor standards.
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