

THE TRADE POLICY OF THE EU

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The European Union is the largest trade bloc in the world. Its trade surplus is second only to China's. Within the EU, Italy has the second highest surplus after Germany. Exports are therefore the lifeline of our economies while the open international markets are our primary interest. As a consequence, the EU has always been the greatest supporter of the multilateral system. This support has been somewhat shaken recently, due to the difficulty for some sectors of our society to adapt to the twin impact of globalisation and the emergence of new powerful actors particularly in Asia, as well as technological change. In fact, we have overlooked the fact that change needs to be governed and the benefits of trade need to be better explained.

Several welcomed initiatives have been implemented, or are being discussed. Our antidumping procedures have been redefined and improved. The tools of our competition policy are being used to their fullest extent in order to avoid uncompetitive behaviour or tax dodging by multinational companies. Proposals have also been put forward for a European system to monitor third country investments in order to react if they are deemed harmful to our strategic interests. The US has a very effective (some would say too effective) system in place. Some member states also have rules to this effect. The case for a coordinated European system is very strong. It will not be easy to negotiate and it must be designed keeping in mind that it should be used only in exceptional circumstances.

To devise rules and instruments to better protect our interests is important, but it is equally important that the EU remains an open and credible partner in the world economy. Confronted

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with an American retreat from the support of free trade, we cannot leave China alone to defend it. If the US and Europe retreated behind their borders, the future of the world economy would be shaped by China and other emerging countries, inevitably to their own exclusive advantage. At the same time, we cannot neglect the reasons for an increasing opposition to free trade in our society and the call to make our negotiating procedures more transparent and democratic. A lot has already been done. For instance, the Commission has already undertaken to publish the negotiating mandates and most other relevant documents. There is, of course, a limit beyond which too much transparency would only profit our negotiating partners.

Open debate should be welcomed. However, recent examples indicate that the discussion tends to be one sided. The EU is justly proud of its strict rules and its attachment to the precautionary principle; this must be protected in the negotiations. However, we must also apply the rule of reason. Concerns of the farming community and environmental concerns are very important, but sometimes those are the only voices that are heard in the debate. The voices of the manufacturing and service industry, on which so much of our prosperity depends, are too often silent. And yet, should we lose access to free and open markets, Airbus would soon collapse and ventures like the recently agreed Franco-Italian deal on shipyards or the Franco-German deal on fast trains, would have no future. A case in point is the debate about the ratification of CETA. An agreement that took 8 years to negotiate and is very beneficial to our economy is decried as if Canada, instead of being one the advanced economies that is more similar to us, was a sort of Victorian workhouse intent on destroying our environment and our social system.

If Europe is to remain credible, it must also remain a partner that can honour its signature. In this respect, CETA is again a worrying example; the prospect that every future agreement should be ratified not only by the EU institutions including the European Parliament, but also by a long list of national Parliaments and regional Assemblies would send to the outside world the message that Europe has ceased to be a reliable partner. A solution must be found; otherwise no one will want to negotiate with us in good faith. On the one hand, we must recognize that the focus in international negotiations is shifting from traditional trade

instruments to the impact of rules and regulations and that such development impinges on some prerogatives of national Parliaments. On the other hand, we must find reasonable institutional solutions that will preserve our credibility. Perhaps, in the end, the Court of Justice can provide good guidance on this issue.

Finally, we are all understandably weary of the trade initiatives of the Trump administration. My question is the following: Should we sit in silence while he destroys bits of the international trading system only to wait and prepare for the moment to react when he decides to attack us? Or should we take the initiative and propose a new transatlantic framework? There are several indications that such a move would find a fertile ground, at least in the US Congress.