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Green Global Europe

Co-operating in the World to become the most sustainable economy

The "Global Europe" strategy of the EU - a project of the past

In autumn 2006, the EU embarked on a new foreign trade strategy, under the title "Global Europe - Competing in the World". This new policy essentially gives up on the WTO multilateralist approach of gradual trade liberalisation. It instead adopts an aggressive bilateralism of forcing the mutual penetrability of economies.

Since 2007, "Global Europe" policy serves as the "external dimension" of the EU's Lisbon Strategy which strives to make the EU "the most competitive and dynamic knowledge-based economy in the world". Agreements with the most competitive economies in the world are to create a seamless market for goods, services and capital, under the premise of unrestricted competition.

This effectively extends competition pressures to the global level, as well as increasing them within the EU. "Global Europe" thus goes far beyond trade: it touches on all economic, social and gender aspects of life in Europe.

"Global Europe" comes at a time when urgent action to address climate change must be regarded as the key imperative of all political activity. "Global Europe" fails to meet this requirement; indeed, it represents a major obstacle to it.

Accelerating the liberalisation spin - against all environmental imperatives

The goal of "Global Europe" is to open foreign markets faster than has been achieved through the WTO. In particular, it is intended to guarantee unhindered European access to all natural resources. This is likely to provoke an intensified race among all industrial economies to be granted the best access conditions in resource rich countries. However, the climate change imperative demands the opposite approach: access to resources must be dealt with at a multilateral level if it is to lead to equity, sustainability, security, and incentives to use fewer resources in industrialized countries - or even to compensate poorer countries for leaving resources in the earth.

The opening of foreign markets is also intended to become deeper, going beyond the reduction of tariffs, so that companies can act in foreign markets on a complete par with domestic companies. Rules and standards which companies regard as trade-impeding in the host's market are to be dismantled or brought in line with the rules in domestic markets, and consultation with business will be mandatory before new rules can be introduced in either the EU or countries with which agreements are made. Such a preferential treatment for business goes against the principles of democracy, and it can act as an obstacle to transparency. This will greatly impede the introduction of the higher environmental standards that are

urgently needed to address climate change, in partner countries and the EU alike. It will also affect higher social justice standards which we need to secure lasting peace within and among countries.

Moreover, the opening of markets is foreseen to be much more comprehensive, including non-trade issues such as government procurement, competition policy, investor freedom, and the provision and ownership of basic services. Many of these issues, especially public procurement, are important national policy tools to enhance social justice and to engage national economies in a change of directions. Opening them up to global competition will make it far more difficult for public authorities to embark on large-scale projects to jump-start the necessary transformations of our societies to better confront climate change.

Privatising the knowledge needed for a carbon-neutral economy

Not everything is to flow freely under "Global Europe", however. Knowledge - the good that by itself *does* flow, as its use comes at no cost for anyone - shall be commodified and privatised as "Intellectual Property" (IP), as soon as an idea moves towards becoming the design of a potentially marketable commodity. It is in this way that large companies seek to pay off inventors, market their ideas and secure their profits for the next twenty years. While some form of protection or remuneration serves to enable small and medium enterprises to engage in research and development, IP policy must strike a fair balance so that technology innovations can spread throughout the world - for example, with regard to applications that bring us closer to a carbon-neutral economy. Climate change requires a switch to energy-saving, renewable and resource-efficient technologies. "Global Europe" wants the world to shop for them in the EU, or to make companies in other countries pay licences and royalties for twenty years to produce them. This mostly penalises the poorer countries that are in greatest need of switching to environmental technologies fast, and on a massive scale. Moreover it discourages them from becoming part of the post-Kyoto Climate Agreement.

"Global Europe" in action all over the world

In April 2007, the EU started bilateral negotiations for Free Trade Agreements (FTAs) with ASEAN, Korea and India, according to the aggressive goals set out in "Global Europe". The Asian countries are indeed the prime focus of the new EU trade strategy.

But "Global Europe" will likewise be the blueprint for negotiations with other countries and areas. The EU is also applying its "faster, deeper, more comprehensive" strategy of market opening in ongoing FTA negotiations with the countries of the Gulf Region, and will probably also do so soon in negotiations with Russia and the Ukraine. Furthermore, the "European Partnership Agreements" (EPAs) with poor African, Caribbean and Pacific (ACP) countries are informed by the breath of "Global Europe".

Under the objectives of "Global Europe", the EU has also started a range of negotiations which aim to review the trade chapters in existing "Partnership and Cooperation Agreements" (PCAs) with third countries. This is the case with regard to PCAs with China, Central America and the Andean Community. De facto FTAs thus present themselves in the guise of PCAs.

At present (spring 2009), most of the bilateral negotiations are fairly stuck at an early stage. Except India and Korea, none of the partners is inclined to go much beyond trade agreements covering more than tariffs for trade in goods and services. And even India balks to free-market rules for government procurement.

This notwithstanding, the EU continues to ask its trade partners for ambitious agreements on all items of the "Global Europe" strategy. Notwithstanding the global crisis of financial markets and the obvious failure of a free-market approach to financial products, the EU insists of the liberalisation of the financial services sector which is at the base of the creation of mega mergers and their failure, capital shortage of subsidiaries and bank branches in third countries, and difficulties to engage in effective prudential

regulation at national levels.

Democratic oversight over the negotiations in this situation would be of paramount importance. While the new Lisbon Treaty of the EU would have given the European Parliament co-decision powers for trade agreements, at present it is constraint to a final up-or-down-vote of agreements which has shown ineffective in other occasions.

"Please do not harm people and environment" - the EU's tender side

"Global Europe" foresees that all new FTAs or trade agreements in PCAs will contain a chapter on "sustainable development". Trade partners are to implement the core social and labour standards as defined by the International Labour Organization (ILO); the most important international conventions on the environment, and some minimum standards of "decent work". This *could* be an important step towards greater fairness in trade relations, *if* the governments in partner countries could be convinced to accept such a chapter which has proved not to be the case in the ongoing negotiations with Korea, India, ASEAN and the Gulf Cooperation Council, though the chapter retains only standards which have been globally accepted and, mostly, ratified by the partner countries.

In any case there is a "but". Employing such standards will not be mandatory or subject to sanctions, but merely encouraged. And the even bigger "but" is that the entire agenda of these new FTAs / PCA trade chapters demands fewer restraints and more competition in grabbing natural resources and flooding markets with ever-cheaper products. Without strict and compulsory rules, market-friendly social and environmental measures will not halt the race-to-the-bottom which the FTAs themselves strongly induce. Such a notion is a fantasy. The "sustainable development" chapters of new FTAs thus serve as nothing more than fig-leaves to sell socially and environmentally harmful FTAs to the public.

The fundamental, overriding problem is that *real* social and environmental sustainability is the product of economic democracy in each country, and the existence of a policy space for a country to determine its own path to development, provided that globally accepted standards are taken in due account. There is no short-cut to economic democracy. Yet this policy space - particularly in poorer countries - becomes ever-more restricted through FTAs, in addition to the impacts of existing WTO regulations.

FTAs are reciprocal: where all-out competition comes back to us

Whatever market opening commitment the EU demands from its partners, it must be prepared to offer itself. It is here that foreign trade policy becomes an internal EU affair. The FTAs will greatly affect the development of the internal market, the implementation of the Lisbon Agenda, and the future of a social Europe. They will have a major bearing on the very way in which we decide upon the standards and rules necessary for the creation of a European economic sphere which combines welfare with social justice, gender equality and environmental sustainability.

On many issues - such as financial services, government procurement or investment rules - the EU asks its FTA partners for more liberalization than EU members were so far prepared to give effectivelyto each other within the EU.

The aggressive pursuit of global competitiveness is hence a forthright attempt to finalise the project of all-out internal competition, which has become synonymous with the Lisbon Agenda. EU policy is supposed to be fully coherent with the principles of sustainable development as formulated in the Lisbon Agenda itself, the Gothenburg Agenda and the 2007 EU-Council announcements of more ambitious greenhouse gas reduction targets; but such priorities are increasingly the casualties of the overriding focus on competition above all else.

In whose interest?

Global trade relations are increasingly organised according to the wishes of large transnational companies to source, produce and sell wherever it adds greatest value for the company's shareholders. EU-based companies are active players in this global relocation of their business. Their interest in ensuring that competition and investment rules support their interests wherever they operate are fostered with the EU's "Global Europe" strategy, to the detriment of companies which have thus far retained working places and value creation in Europe. European working standards and the remnants of the European social model will be the true casualties, if ever more companies are encouraged to organise their business globally, or if European competition rules are adjusted downwards to the lowest standards of global competition rules.

But the loser is also the environment, because the rules which "Global Europe" asks for in FTA negotiations advance shareholder, not stakeholder interests. Investors expect to have full rights to move capital and profits freely in and out of countries, yet no duties, for example to clean up before they shut up shop in a host country and move on, or to be fully liable for any environmental damage done.

In sum, "Global Europe" simply repeats outdated, unsustainable recipes of economic liberalisation and deregulation. It is "old" thinking, not adapted to confront today's challenges of climate change and social justice. The Green/EFA Group rejects this new strategy. It must be replaced by a blueprint for a very different global Europe: a Green Global Europe.

The Green vision: Co-operating in the world, front-running for the most sustainable economy

Economic policy must take into account many factors in order to promote real welfare. "Global competitiveness" is but one element of economic policy-making, and surely not the most important one at present - for either the EU, or for the rest of the world. According to conventional indices, the EU is in a good global position with regard to its competitiveness. We now urgently need to replace the goal of global competition with one of global co-operation, and to investigate how best to adapt our economic models in order to seriously address climate change and environmental degradation, as well as the need for a more equitable balancing of poor and rich. We must co-operate globally for the optimal way to organise our economic activity to be less resource-consuming, and to produce greater social satisfaction, beyond consumerism:

- The Lisbon Agenda must be fundamentally reviewed and rebalanced, and implemented in such a way as to uphold and strengthen the value of the social model.

- Local sourcing for local consumption must be protected and encouraged, for example through differentiation in the tax regimes and an end to the unfettered rule of competitive advantage and zero taxes and tariffs on imports. Taxation of highly energy-consuming transportation modes is also key, in order to internalise the environmental costs of transport and thus incentivise greater resource control and, fewer greenhouse gas emissions. The status quo has led to a global division of labour, with Asia as the work-bank for consumer goods, Latin America as the feeder of the world, Europe as the service provider, the US as the financial power centre (as well as weapon-producer), and Africa the source of cheap commodities. Such a division of the world is completely unsustainable, as the present global financial crisis shows as well as conflict-prone.

- Technology transfer and cooperation are key to making local sourcing and resource transformation more suitable options for more parts of the world. We must therefore rebalance Intellectual Property (IP) regimes to take account of technological cooperation goals. The EU must abandon its policy of ever more restrictive IP laws which hinder rather than facilitate innovation and submit developing countries to IP regimes detrimental to their innovation aspirations.

- Ambitious targets for energy and resource saving and efficiency, and investment in renewables must be set at local, national and EU levels to help spur technological innovation. The prevailing "grab first" approach of energy and resource market liberalisation squanders precious resources and is completely unsustainable.

- Network-based economies with a high degree of technology transfer are best-placed to flexibly adapt productive structures to new needs and to provide incentives for a resource-saving regionalisation of markets. Big conglomerates and hierarchically organised Transnational Companies are elements of the past whose power should be decreased.

- Public services with fair financing and fair distribution, based on principles of reciprocity, are the best way to produce common goods, at both community and global levels.

- Trade should be qualified so as to support the environmentally and socially optimal mixture of local and global sourcing; all bilateral Free Trade Agreements must provide for the binding enforcement of clauses on human rights, social and environmental considerations, and commitment to principles of decent work.

- European enterprises tend to "emigrate" or "outsource" the dirty parts of their production to countries where the production is cheaper, where the rights of labour unions are very restricted, where environmental and animal welfare standards are lower. The possibilities to influence the social and environmental standards in third countries are very limited, but the EU-policies can have an impact when imported products cross EU borders. The EU should impose an import fee on those products whose production does not fulfil EU environmental, social or animal welfare standards or is in contradiction with food security in the originating country. The fees gathered must be spent on projects to develop better production facilities and practices in the originating countries ('Qualified Market Access' as suggested by the Greens and adopted by the EP in various resolutions).

- It is vital that we preserve policy space in the EU and partner countries alike, in order to facilitate novel paths to sustainable economic development. Social and environmental rules must not be regarded as barriers to trade, and no trading partner should be pressured to commit to rules on public procurement opening, investment freedom, or service liberalisation. If the EU or partner countries have strong collective preferences how to achieve sustainable development, then trade agreements must foresee the possibility of a renegotiation or a fair compensation.

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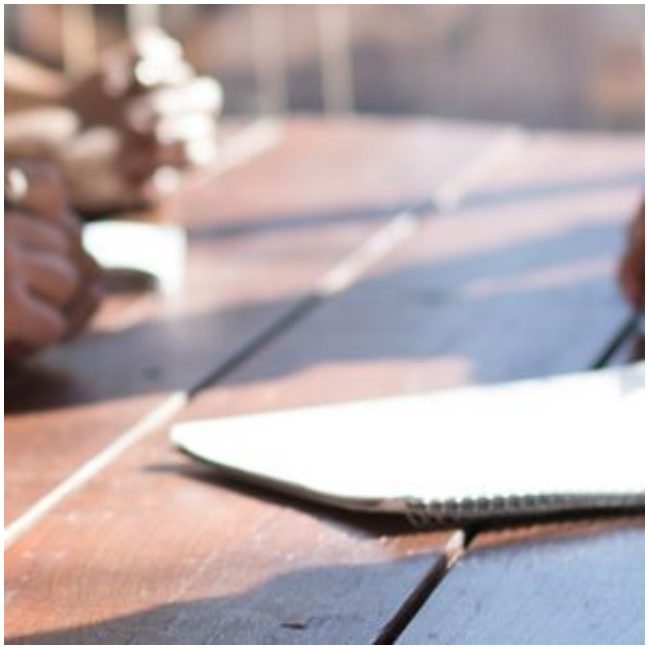

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