FALLING BEHIND: THE EUROPEAN UNION TRADE STRATEGIES FROM 1999 TO 2021

Abstract

As one of the most important global trade actors, in the period that lasted from 1999 to 2021 the European Union promoted five different trade strategies. Some of them, such as the strategy of “managed globalisation” (of 1999) and “Global Europe” (of 2006) represented a deviation from the previous trade practice, while others (“Trade, Growth and World Affairs” from 2010, “Trade, Growth and Development” of 2012, and “Trade for All” of 2015), for the most part, included significant improvements compared to previous strategic documents. The latest communication document of the European Commission, “Open, Sustainable and Assertive Trade Policy” (of 2021), points to the Union’s adaptation to new circumstances, emphasising the concept of open strategic autonomy and proclaiming a return to multilateralism based on fair and sustainable rules. Although the EU seeks to present itself as a leading initiator of change in the existing static trading system, this paper will attempt to prove that, in its strategic positioning and undertaken activities, the European Union is falling behind its key global competitors, the US and China. The systemic, state-centric and societal reasons for the relatively frequent changes of key trade documents and the essentially defensive action of the European Union in the global trade system will also be analysed.

Key words: European Union, trade strategies, trade multilateralism, open strategic autonomy

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Since the signing of the Treaty of Rome, which established the European Economic Community in 1957, the goal of the countries that opted for this form of economic integration has been to remove barriers to free trade among them and act jointly towards third countries through the Common Trade (Commercial) Policy (Articles 110-116 of this Agreement refer to external trade policy) (EEC Treaty 1957). The establishment of the customs union (1968) and the introduction of uniform customs rates for trade with third countries created the basis for a joint foreign trade performance of the member states of the European Economic Community. The entry into force of the Single European Act (1992), the liberalisation of non-tariff barriers, and the difficult path to single regulation have further contributed to strengthening the Union’s international competitiveness and the coherence of its external trade policy. From the establishment of the Common Trade Policy until today, the European Union has tried to use various types of action in its foreign trade engagement, most often applying a multilateral and/or bilateral approach; however, in some cases, it has also implemented unilateral trade liberalisation (Gstohl and De Bièvre 2018, 139-175).\textsuperscript{1}

Although the European Union acts as a single bloc in its external trade activities, there are still differences in the trade preferences of its member states, as could be seen in the difficulties during the negotiations on establishing a single EU position in multiple rounds of multilateral trade negotiations.\textsuperscript{2} The change of external and internal circumstances has strongly influenced the evolution of the Common Trade Policy of the European Union. In most multilateral trade negotiations conducted under the auspices of the GATT, the European Union acted as a defensive force, reacting to proposals from other key actors (primarily the United States) and seeking to preserve its trade positions, mostly in the field of agriculture. The EU has not been overly interested in taking proactive action to introduce new rules and standards at the multilateral level (Woolcock 2013, 77-79). However, the enlargement of the Union on several occasions, the strengthening of economic

\textsuperscript{1} Unilateral trade liberalisation has, to a large extent, been used as an instrument of the European Union’s development aid.

\textsuperscript{2} Internal tensions among EU countries were particularly expressed during the Uruguay Round of multilateral trade negotiations.
and political integration in the EU (which has produced a desire for stronger performance in markets of third countries and greater global competitiveness), on the one hand, and the economic growth of the main trading partners, on the other, have created a need for EU’s more active multilateral engagement. During the Uruguay Round of multilateral trade negotiations, the Union showed an intense interest in increasing its global importance, sacrificing even certain positions within its once unquestionable Common Agricultural Policy (Van den Hoven 2006, 186). The European Union then became the leader of multilateralism and the main advocate of the Doha round of multilateral trade negotiations. The development of the EU’s external trade policy after the end of the Uruguay Round of multilateral trade negotiations will be presented in the brief analysis of trade strategies the Union applied from 1999 to 2021. A review of these strategies will show how far the EU has gone from advocating for multilaterally oriented expansion of its trade norms and rules from the strategy of “managed globalisation” to focused bilateralism which has become a key feature of contemporary EU foreign trade orientation. The last trade strategy of the European Union (of 2021) again puts multilateralism in the focus of its external trade activities, symbolically closing the circle of the Union’s search for its global role.

**Evolution of the European Union’s trade strategies since 1999**

The beginning of the functioning of the World Trade Organisation (WTO) in 1995 symbolically marked the change of orientation of the European Union. From a relatively defensive actor, it became the driving force of new trade multilateralism. It changed its traditional trade strategy of dealing with border barriers and, consequently, focusing on the problems of customs rates and subsidies, and turned towards resolving “behind the borders” problems by focusing on non-tariff barriers and regulatory issues. Since then, the EU has promoted five strategic orientations related to its foreign trade engagement.
Strategy of “managed globalisation”

The first trade strategy of the EU, created in the period after the establishment of the WTO, is known as the strategy of “managed globalisation”. It is opposed to the so-called ad hoc (laissez-faire) globalisation, which means building interdependence through bilateral or unilateral action of independent actors who are not limited by multilateral norms and do not need to legitimise their actions (Abdelal and Meunier 2010, 351). In that period, the leader of this type of globalisation was the United States. As an opposite to it, “managed globalisation” was conceived and implemented thanks to the efforts of Pascal Lamy, a member of the European Commission in charge of external trade policy. This type of globalisation implies “an emphasis on multilateral rules and organisations that “manage”, “harness” and otherwise quite literally “rule” global capitalism” (Ibidem, 350-351). In addition to the standard topics that belong to the so-called corpus of border issues, the European Union’s trade policy also included new themes. In line with the successfully concluded Uruguay Round of negotiations, the Union’s focus became trade in services, the trade aspects of intellectual property rights, the trade aspects of foreign direct investment, etc. New topics, those that show a strong normative inclination and relate to the links between trade and workers’ rights, environmental protection, as well as democracy and human rights, have been added to those listed above (Van den Hoven 2004).

The strategy of “managed globalisation” implied the global promotion of the standards and norms of the European Union through commitment to the liberalisation of international trade, with the intention of achieving (as much as possible) a fair distribution of profits from international trade (Dee 2015, Van den Hoven 2006, 190). The established high level of the Union’s internal integration, accompanied by its external expansion and the strengthening of its exclusive competencies, was a good starting point for promoting its own principles and rules as an example of successful economic (and political) integration. To increase its global role, the EU sought to emphasise the importance of the World Trade Organisation as a focal point of the global trading
system, identifying it as one of the ‘key institutions of the international system’ (European Council 2003, 9).

Multilateralism has become the main principle of the European Union’s external trade engagement, to the extent that in 1999 an informal moratorium was declared on the negotiation of new preferential trade agreements. The position of the EU was not in line with the trade policy of the USA, which promoted the strategy of competitive liberalisation, according to which a multilateral engagement was accompanied by the conclusion of a significant number of preferential trade agreements (Sbragia 2010, 368-382). With this orientation, the European Union tried to emphasise its full commitment to multilateralism, but also to promote itself as a possible ally of developing economies that were entering the international scene and striving to make global trade rules. The aim of the European Union’s multilateral engagement was also to gain the support of developing countries (which accounted for close to 80% of WTO membership) to hold a new round of multilateral trade negotiations (Van den Hoven 2004, 260). Kerremans, therefore, claimed that the idea of a new negotiating round was ‘largely European’ (2004, 371). In addition to the undoubted desire for the success of the existing global trade system, the EU sought to create favourable conditions for domestic companies to access the markets of developing countries which have achieved rapid economic growth in this period. So, next to the dominant normative dimension, it is obvious that this trade strategy of the European Union also had a certain commercial foothold. However, unfavourable developments during the Doha Round of the Multilateral Trade Negotiations, accompanied by internal tensions, led to its change in the mid-2000s.

“Global Europe” trade strategy (2006)

The stalemate in the multilateral trade negotiations within the Doha Round, caused by the differences between developed and developing countries, had serious implications for the trade orientation of the European Union. The expectations of EU representatives regarding the establishment of strong alliances with developing countries have basically failed. The economic growth of developing countries has also contributed to the strengthening
of their bargaining power in multilateral trade negotiations under the auspices of the World Trade Organisation. Thus, in the Doha round of negotiations, Brazil and India came to the fore, positioning themselves as informal leaders of a group of developing countries. It became obvious that key decisions could no longer be made within the Quad, which consisted of the European Union, Japan, Canada and the United States, as was common practice in the previous period. On the other hand, the strategy of managed globalisation promoted by the European Union and the unilateral establishment of a moratorium on concluding new preferential trade agreements left the US open space for bilateral negotiations with new trading partners and the positioning of American companies in their markets. The United States, guided by its strategy of competitive liberalisation, did not fail to seize the opportunity (Evenett and Meier 2007).

In October 2006, the Directorate-General for Trade within the European Commission published a document entitled “Global Europe”, which marked a fundamental change in the European Union’s external trade policy (European Commission 2006). Although this paper emphasised the Union’s commitment to the multilateral approach and the actions of the World Trade Organisation, the advocacy for preferential trade agreements was formally introduced as a complement to the European Union’s multilateral engagement (Ibidem, 10). Future preferential trade agreements were to be oriented towards the liberalisation of almost all trade between negotiating actors, but were also to cover topics that have not become part of the Doha Round negotiating agenda: competition policy, investments and public procurement. Other issues of particular importance to the Union were: trade in services, trade aspects of intellectual property rights, and the problem of non-tariff barriers.

A significant innovation in the strategy was the emphasis on the economic criteria as crucial for the selection of future trade partners. By these standards, the European Commission implied ‘market potential (economic size and growth) and the level of protection directed against the export interests of the European Union (customs and non-tariff barriers)’ (Ibidem, 11). The intention of the EU to monitor the status of future partners’ negotiations with key competitors of the Union at the international level was especially
emphasised. The key goal of this trade strategy was to establish the competitiveness of the European Union in the global market, particularly in the markets of developing countries that have achieved rapid economic growth. The European Union tried to connect the pursuit of global competitiveness with its domestic policies, i.e. with the need to complete a single market which, in addition, should create companies with real competitive potential in the global market. According to this plan, the development of the single market was to be accompanied by liberalisation in the sectors that had been subjected to protection measures in the previous decades (textile industry and agriculture, for example). Special attention was to be paid to the harmonisation of the regulatory framework, i.e. alignment of the rules and practices of the European Union with those applicable in partner countries.

Faced with the suspension of negotiations within the Doha Round, but also with the aggressive performance of the main competitors (the USA, above all) on the markets of third countries, the European Union did not have many choices. Fear of losing a market share in developing economies (especially in Asia) additionally encouraged Union’s decision-makers to change the existing trade concept. The adoption of this trade strategy also marked the end of the moratorium on negotiations on concluding new preferential trade agreements. In addition, a significant change took place in the European Commission. Pascal Lamy, the creator of the doctrine of ‘managed globalisation’, was replaced by Peter Mandelson, who had significantly different views of the European Union’s external trade engagement (Mandelson 2008). Bilateral negotiations were understood as a key instrument for gaining access to third country markets, with ASEAN and MERCOSUR countries, India, the Republic of Korea and countries belonging to the Gulf Cooperation Council identified as potential negotiating partners. This shows that the development dimension of the ‘managed globalisation’ strategy was essentially abandoned, despite the emphasis on the concept of sustainable development and the need for increased sensitivity regarding the development issues of partner countries as some of the main goals of the EU’s new external trade orientation.

Although the Global Europe strategy was intended to legitimise bilateral and regional trade agreements as a form of comple-
ment to the EU’s multilateral orientation, it seems to have paved the way for pushing the multilateral approach into the background. With this strategic document, the European Commission tried to open up the possibility for additional negotiations on issues that were already being unsuccessfully discussed at the multilateral level, but also on topics that could not become part of the Doha’s agenda (the so-called WTO plus issues). Advocating for the continuation of the Doha Round of Multilateral Trade Negotiations is more and more like advocating for formal multilateralism in which no breakthroughs occur at the global level, while bilateral negotiations expand the Union’s trade engagement and satisfy the interests of its most powerful groups, especially representatives of the business community.

“Trade, Growth and World Affairs” trade strategy (2010)

After several years of implementing the “Global Europe” trade strategy, the new composition of the European Commission decided to evaluate its results. Under the leadership of the new Commissioner for Trade, Karel de Gucht, a new strategic document entitled “Trade, Growth and World Affairs” was adopted in 2010 (European Commission 2010a). This document on the future role of the EU trade policy is a part of the European Union’s broader Europe 2020 strategy, which links improving the EU’s competitiveness and productivity to smart, sustainable and inclusive growth (European Commission 2010b). The path to such growth required the fulfilment of several goals by 2020: that 75% of the population aged 25 to 64 be employed, that 3% of GDP be invested in research and development, and that at least 20 million people be less at risk of poverty or social exclusion. In addition to these indicators, the Europe 2020 strategy included goals related to education, climate change and energy issues. In this context, the Union’s trade policy was to become the key instrument for achieving economic growth.

Projections that, by 2015, 90% of the economic growth will occur in non-European countries (a third of that in China) have raised awareness of the importance of trade (and above all exports) for the European Union’s global engagement. For these reasons, this trade strategy set as its main objectives the conclusion of
multilateral trade negotiations within the Doha Round, but also the completion of ongoing negotiations on the conclusion of preferential trade agreements. For this reason, while emphasising the role of the bilateral approach in foreign trade engagement, the EU insists on its commitment to multilateral regulation of trade relations. Bilateralism is once again seen as a complement to the multilateral approach and by no means an obstacle to the multilateral engagement of the European Union. After all, as the European Commission pointed out in this document, ‘liberalisation encourages liberalisation’ (European Commission 2010a, 3).

This, as well as the previous trade strategy, emphasises the importance of the fast-growing region of East Asia and declares the conclusion of free trade agreements with the countries from this part of the world, based on purely economic criteria, as a priority of the EU’s external trade relations. Also, the importance of successful conclusion of the negotiations that took place in that period (Free Trade Agreements with South Korea, Peru, Colombia and Central American countries, Canada, India, etc.) was especially highlighted. Provided that all ongoing negotiations were successfully concluded, based on Commission’s estimates ‘about half of the European Union’s foreign trade would be covered by free trade agreements, the average EU export tariff would be almost halved (to about 1.7%), and the average import duty rate in the EU would be reduced by almost one fifth (to about 1.3%)’ (Ibidem, 10). An element that represents a significant novelty when compared to the “Global Europe” strategy is the special emphasis on the importance of trade relations with the United States, China, Japan, Canada and Russia, which can serve as the basis for new, also economically based, preferential trade agreements. Also, less mention is made of the World Trade Organisation than in the previous strategic documents.

The topics that EU considered particularly important for achieving the main objectives of this trade strategy, and which should be included in future negotiations with partners, are: trade in services; trade aspects of foreign direct investment; public procurement; regulatory barriers to the free movement of goods, services and investments; setting of common standards or their mutual recognition, as well as some other less important topics. This trade
strategy was soon partially amended through the adoption of the communication document “Trade, Growth and Jobs” (European Commission 2013).

This document particularly emphasises the importance of external trade for the economic growth of the European Union. As a significant number of the EU Member States are unable to benefit from international trade on their own, the Union is expected to expand its capacity to act globally. To achieve this goal, it is necessary to implement an ambitious trade agenda, mostly aimed at concluding preferential trade agreements with powerful partners. The expected coverage of these agreements has been increased, compared to the previous trade strategy, from about half to two-thirds of the total external trade of the European Union. The expected growth of the EU’s GDP would be around 2%, i.e. about EUR 250 billion (Ibidem, 4). Based on this document, developed countries - above all Japan and the USA - became the priority trade partners in the Union’s bilateral engagement. This fact represents a certain deviation from the previous strategy and provides a basis for concluding the so-called mega-regional trade agreements. Also, there has been an important change in relation to the earlier trade documents, somewhat formal in nature but with possible strategic consequences. Namely, the multilateral engagement of the EU was described only after stating the goals and mechanisms necessary for the realisation of its bilateral agenda, while in all previous documents there had been a reverse order of citation. As putting the multilateral approach in the background basically reduced the development component of the EU’s external trade engagement, this trade strategy was partially supplemented by the adoption of the document “Trade, Growth and Development”.

“Trade, Growth and Development” trade strategy (2012)

The adoption of the strategic trade document entitled “Trade, Growth and Development” is, in a way, a complement to the previous strategy, with special reference to its development component (European Commission 2012). This strategy addresses the European Union’s relationship with developing countries, emphasising its role in their development, which is particularly important due to the fact that at the time it was the most powerful global trading
player and major trading partner of many least developed countries (Ibidem, 1). The main idea of this strategy was to emphasise the link between trade and development policies, with the initial view that an effective trade policy could be a strong driver of development in least developed countries.

According to this document, effective development strategies should be based on trade (which is a necessary, but not sufficient, requirement for development) and accelerated integration of developing countries into the global economy. Openness to international trade becomes a factor without which successful and sustainable economic growth cannot be achieved. However, the European Union itself has been focused on the need for a differentiated approach and implementation of different policies towards individual countries, depending on the economic and political context. Some of the important issues that contemporary trade policies should include are: regulation of the services market; competition protection policy; trade aspects of foreign investments; trade aspects of intellectual property rights; transparency of public procurement, etc (Ibidem, 5). These issues, as a rule, became part of the EU’s new trade policy, primarily oriented towards regulating its trade relations with developing countries by concluding free trade agreements predominantly based on commercial grounds (Gstohl and De Bièvre 2018).

In its relationship with developing countries, the European Union has developed several specific policies. Some of them are autonomous trade measures in the form of the Generalised System of Preferences in two forms: the “Everything but Arms” programme and the GSP+ scheme. The “Everything but Arms” policy implied the opening of the European Union market for products from least developed countries without tariffs and quotas, while the GSP+ initiative included measures to support the sustainable development of particularly vulnerable countries, which were rewarded for their commitment to international rules on environmental protection, workers’ rights, human rights, democratic principles, etc.

Of particular importance in this document is the renewal of bilateral and regional efforts in the negotiations of free trade agreements. Due to the slow pace of negotiations in the region-region format (long-term negotiations with Mercosur or ASEAN, for
example), the European Union is beginning to differentiate among agreements between countries and interregional agreements, with an obvious tendency to conclude agreements with countries. For these reasons, the importance of negotiations with Malaysia or Singapore, but also with Peru, Colombia and Central American countries, has been especially pointed out. Basically, the negotiations on concluding a free trade agreement with the countries of Central America influenced the evolution of the European Union’s position on the promotion of regional integration. Namely, the EU is becoming aware of the impossibility of exporting its own norms and forms of integration and is increasingly becoming ready to adapt to the current context and harmonise its own approach with it.

“Trade for All” trade strategy (2015)

This strategy, in essence, is the result of the re-evaluation of previous trade strategies and an attempt to synthesise their most important elements. The new member of the European Commission in charge of external trade policy, Cecilia Malmström, pointed out that the Union needed a trade strategy that would produce benefits for ‘consumers, workers and small businesses’ (European Commission 2015, 5). According to this strategy, the new trade policy of the European Union should be effective, transparent and based on values (and not only on interests). Its effectiveness would be reflected in meeting the interests of all target groups (consumers, workers and small businesses), while transparency implies the Union’s intention to make its negotiating positions publicly available (as was the case with the Transatlantic Trade and Investment negotiations). A value-based trade policy through trade agreements negotiated by the EU with a number of partners seeks to promote European values such as human rights, sustainable development, fair trade, anti-corruption policy and good governance (Ibidem, 20-26).

Like previous strategic trade documents created in 2006, this strategy promotes the conclusion of bilateral trade and investment agreements that are primarily based on economic criteria, i.e. on their potential contribution to economic growth and job creation in the European Union. In that context, the agreements with Canada and the United States are especially mentioned as the most ambi-
tious agreements that the Union has ever negotiated. The strategic engagement of the European Union in Asia and the Pacific region has also been emphasised, citing the conclusion of a free trade agreement with Japan as its strategic priority. The importance of Africa as a region comes into the focus of the European Union, which in this document highlights the need to redefine its relations with countries of the region through the effective implementation of the European Partnership Agreements and continued support for regional integration processes and capacity building through the Aid for Trade programme (Ibidem, 33). There is also the EU’s intention to conclude investment agreements with certain African countries, provided that they are based exclusively on economic criteria. However, advocating for reciprocal market opening (as one of the basic economic criteria for concluding trade and investment agreements with potential partners) can create serious obstacles in negotiations with developing countries that (due to the specific context in which they operate) advocate the principle of non-reciprocity (Ibidem, 30). In addition, this trade strategy does not provide answers to questions about models of possible bilateral cooperation with China and Russia, which may pose an economic and/or political challenge in the future.

This strategy reiterates the European Union’s commitment to multilateralism, and to a positive conclusion of the Doha Round of multilateral trade negotiations. The path offered by the EU as a solution to the long stalemate in the negotiations is to create opportunities for the adoption of plurilateral agreements (under the auspices of the WTO) that would be open to all economies with a more ambitious agenda. This proposal is not new, and it does not seem possible to provide support for it, especially among developing countries that do not accept the principle of differentiated negotiations. Also, the current concept of negotiations, these-called single undertaking, which requires parties to accept all agreements reached in the negotiation process, can hardly produce a successful ending in the contemporary trade community. Obviously, it is necessary to “untie the package” and try to focus negotiations on individual topics with the intention of establishing the least common denominator among the negotiating parties, which has been happening in recent years.
Although the goals of the Trade for All strategy seem to be entirely justified, in practice there may be a dilemma as to whether economic criteria are decisive for concluding trade agreements (which the European Union insists on), or agreements can be used as instruments for achieving various foreign policy goals, if it is insisted on fulfilling value-based conditions for their conclusion. A third possibility that may create additional doubts among trading partners is to highlight the requirements related to the respect for human rights, democratic values and the fight against corruption, behind which the Union’s efforts to achieve a more favourable position for domestic companies may be hidden. In any case, a more responsible trade policy of the European Union (which is the main goal of this strategy) should try to achieve a fine balance between normative goals and meeting its commercial interests.

Open, Sustainable and Assertive Trade Policy (2021)

On 18 February 2021, the European Union published a new trade strategy entitled “Trade Policy Review - An Open, Sustainable and Assertive Trade Policy” (European Commission 2021). Like many trade documents adopted earlier, this strategy does not offer much innovation, but it does shed light on some different aspects of EU trade policy compared to the previous period. Traditionally, the trade policy of the European Union was aimed at reducing trade barriers and creating export opportunities for domestic companies. In the background were other possible goals, such as human rights, workers’ rights, environmental protection or sustainable development. In this strategy, the gap between the objectives of the first and second levels becomes blurred, and the overall focus is directed towards the concept of “open strategic autonomy of the European Union”. The idea of “open strategic autonomy” is the basis of this document, but much attention is also paid to the Union’s digital and green agenda. To promote its “green agenda”, the European Union will seek to create a multilateral trade framework to support the expectation that EU industries will be sufficiently competitive in such circumstances. The Union is also committed to promoting the importance of climate change in future bilateral trade and investment agreements by including a chapter on sustainable development based on compliance with
the provisions of the Paris Agreement on Climate Change (United Nations 2015). The digital economy has a significant place in this trade strategy due to the Union’s intention to lead the initiative to establish common standards and regulatory framework in this area, but also because of the EU’s objective to conclude a very ambitious agreement on digital trade under the auspices of the World Trade Organisation (WTO 2020). Assertiveness as the third element of the new concept implies the development of autonomous activities of the Union in the fight against unfair trade practices and the defence of its own trade interests, in case it becomes impossible to reach a broad agreement with other actors in the global trading system (Blockman 2021).

However, the main reason why this document is particularly interesting is because it seeks to systematically define the position of the European Union in contemporary international economic relations, at least from the perspective of current decision-makers in the EU. The previous orientation of the Union towards the “two-track” approach, i.e. simultaneous advocacy for multilateralism and active promotion of bilateralism in its own trade relations was continued in this strategy, but with an emphasis on multilateral orientation. Of course, bilateral relations have remained an important part of the Union’s strategic vision. The document even contains a list of partners with whom trade relations should be developed. In that sense, special mention is made of the completion of negotiations with Australia, New Zealand and Mercosur, but the need to improve economic and trade relations with the Western Balkans region and the countries with which DCFTA agreements were concluded (Georgia, Moldova and Ukraine) is also emphasised.

However, what is new in this strategy in comparison to the previous communication documents of the Union is the shift towards the reform of the World Trade Organisation and advocacy for new multilateral initiatives. The idea of WTO reform is an attempt to revive the old idea of a rules-based global trading system that would be a strong tool for stabilising the shaken economic order. In addition, the European Union’s renewed commitment to multilateral regulation of international trade relations aims to expand the EU’s still-present (albeit declining) influence on the global trade scene; however, it is also aimed at attracting developing
countries as new, increasingly important trade actors. Improving the relations with these countries, which have been disrupted during the Doha Round of Multilateral Negotiations, has certainly become an important goal of the European Union in view of their growing economic strength and enormous development potential.

In line with the new strategy, the Union’s trade policy should take into account ‘global trends and challenges to reflect the political ambition of a stronger Europe in the world’ (European Commission 2021, 3). Given the projections of reduction of the EU’s share in the world’s GDP, the idea of linking it with countries from the dynamic regions of Asia and Africa is especially gaining momentum (Ibidem, 4). Emphasis is also placed on the future of transatlantic relations, which are assessed as ‘the most economically important partnership in the world’, based on ‘common interests and values’, as something that is especially important in the circumstances of a multipolar trade order in which there are ‘growing tensions between major actors’ (Ibidem, 8). According to this document, trade and investment relations with China should be regulated by a multilateral framework based on rules, with the Union’s expectation that China will take on a greater role in international trade relations, in accordance with its growing importance. EU-China Comprehensive Agreement on Investment (CIA) should address bilateral investment relations between the two actors, establishing a level playing field, in light of the European Union’s objections to China’s activities caused by the negative consequences produced by its economic system of state capitalism (Ibidem, 9). In addition to the informally expressed intention of China to negotiate a trade agreement with the European Union, it seems that at this moment international circumstances are not going in that direction. In light of the changed international context, the existing “geopolitical Commission” should direct the Union towards creating a network of trade agreements with various trade actors (primarily from the Asia-Pacific region, Africa and the Caribbean), with the basic goal of establishing a significant economic partnership, expanding its own values and satisfying different interests (Blockmans 2020).

According to this strategy, in the medium term, the new EU trade policy should meet three key interests: ‘supporting the recovery and fundamental transformation of the EU economy in line
with its green and digital objectives, shaping global rules for a more sustainable and fairer globalization, and increasing the EU’s capacity to pursue its interests and enforce its rights, including autonomously where needed’ (European Commission 2021, 9-10). Therefore, it is obvious that despite the strong commitment to the multilateral regulation of mutual trade relations highlighted in this strategic document, the European Union is ready to use bilateral and unilateral measures, i.e. autonomous trading instruments whenever it deems appropriate.

Conclusion

Faced with changed external circumstances, the European Union sought to improve its own trade orientation, as manifested in frequent adoption of new strategic documents which often included new approaches to regulating its own trade relations. In 22 years (from 1999 to 2021), the European Union adopted five communication documents, some of which entailed truly important trade policy changes. The document “Global Europe”, adopted in 2006, marked a substantial change in relation to the previous orientation of “managed globalisation”, which meant the suspension of Union’s new bilateral initiatives. Although the EU tried to promote the preservation of a rules-based global trading system by advocating for the expansion of the multilateral agenda within the Doha Round of trade negotiations, its fundamental failure also changed the Union’s position. Key competitors of the EU - the United States and China - conducted bilateral negotiations with potential partners while the Union sought to find allies in developing countries by playing the leading role in multilateralism. However, the dissatisfaction of these countries with the EU’s refusal to further liberalise trade in agricultural products and the insufficient progress in expanding market access for non-agricultural products have made the desired alliance impossible. The Union’s inability to bring about the items it is particularly interested in to the Development Round agenda has undoubtedly contributed to its further departure from multilateralism.

After 2006, bilateralism became the Union’s dominant approach, despite the formal declaration of commitment to the multilateral trading system and the World Trade Organisation as its
headquarters. This trade orientation continued in later trade documents of the Union ("Trade, Growth and World Affairs", "Trade, Growth and Development", "Trade for All"), with the selection of trading partners based primarily on economic criteria. The dynamic development of some world regions (Asia, for example) or the great development potential of others (Africa), along with advanced trade negotiations of key competitors of the Union (USA and China) with countries from these areas, further accelerated the change of EU trade orientation. The changes were influenced also by internal circumstances, i.e. ongoing tensions and open conflicts between promoters of free trade and advocates of protectionist measures (for example, opponents of CAP reforms) within the Union. Satisfying such diverse interests imposed a bilateral approach as a more efficient way of negotiating due to the undoubted existence of an asymmetry of power in favour of the European Union during negotiations with the majority of other actors in international trade relations (Lindeberg 2021).

The societal aspect of EU foreign trade policy has become particularly important since the early 2000s, when this topic, previously reserved for experts in the field, began to be addressed by various stakeholders (consumer associations, for example), NGOs and the media (old and new). The depth of the new trade agreements has made their provisions applied not exclusively to the so-called border issues but to produce implications for the people’s daily lives as well. In essence, economic globalisation and the attempt to create new patterns of trade have led to the politicisation of EU foreign trade policy (De Bièvre et al. 2020). This phenomenon was particularly evident during the negotiations on the conclusion of the Trade and Investment Partnership Agreement with the United States (TTIP), but also during the ratification of the Comprehensive Economic and Trade Agreement with Canada (CETA) (Merler 2016). The Lisbon Treaty and the expansion of the European Parliament’s competences in the external trade policy domain have opened up new possibilities for the influence of various interest groups on its members, which contributes to further politicisation of the overall decision-making process in this area.

The COVID-19 pandemic shed additional light on problems caused by delays in global production chains, pointed out the need
for rapid growth of production in certain sectors in crisis situations (in a health crisis, for example), and stressed the importance of increasing the role of government in such circumstances. The European Union and its member states have justifiably found themselves under a barrage of public criticism because of poor preparation, late reactions and insufficient coordination in responding to the crisis. To point out the potential impact of COVID-19 on various megatrends, the European Commission published a strategy paper seeking to incorporate elements of strategic forecasting into EU policymaking (European Commission 2020). One of the envisaged instruments for achieving a future, more resilient European Union is its external trade policy.

Having in mind the evolution and timing of the adoption of the European Union’s strategic documents, it can be concluded that they were the product of internal and external pressures to which the Union was exposed. Unfortunately, it seems that, despite significant successes, defensiveness and falling behind key competitors are still the most significant features of the EU foreign trade policy. The reasons for that can be numerous and largely justified, but it is always necessary to keep in mind the fact that trade policy is one of the few areas in which the European Union is a truly global actor and that preserving that position requires more focused, efficient and active action.

**BIBLIOGRAPHY**


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