

Realizing Europe's Soft Power in External Cooperation and Trade (RESPECT)

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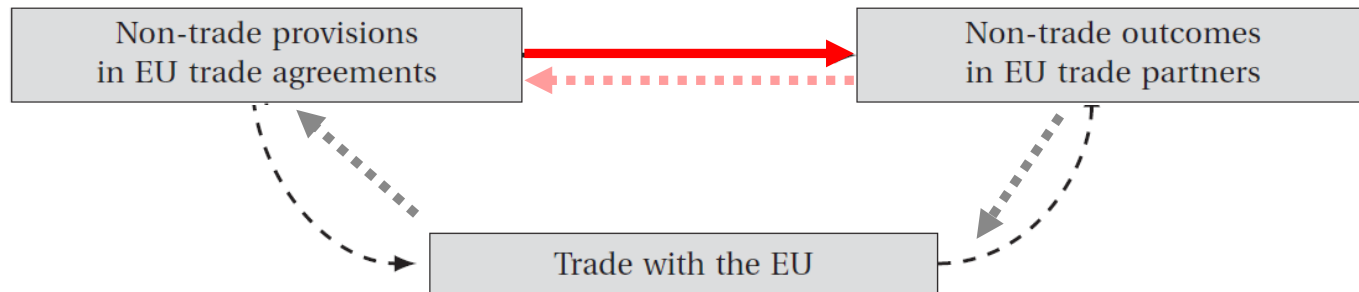
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Trade and non-trade policy objectives in EU external action

- Treaty on European Union (TEU, Article 21) & Treaty on the Functioning of the EU: EU external policy must be consistent with the defense of EU values
 - Inclusion of provisions in EU trade agreements a reflection of this requirement.
 - Two dimensions of the associated issue linkage (market access conditionality):
 - A desire to use trade to protect and to project EU values
 - A concern that partner countries do not lower social and environmental norms to attract investment into tradable industries that can benefit from the preferential access to the EU market
 - A central focus of RESPECT research is to use multidisciplinary approaches to assess the effectiveness of EU external policies
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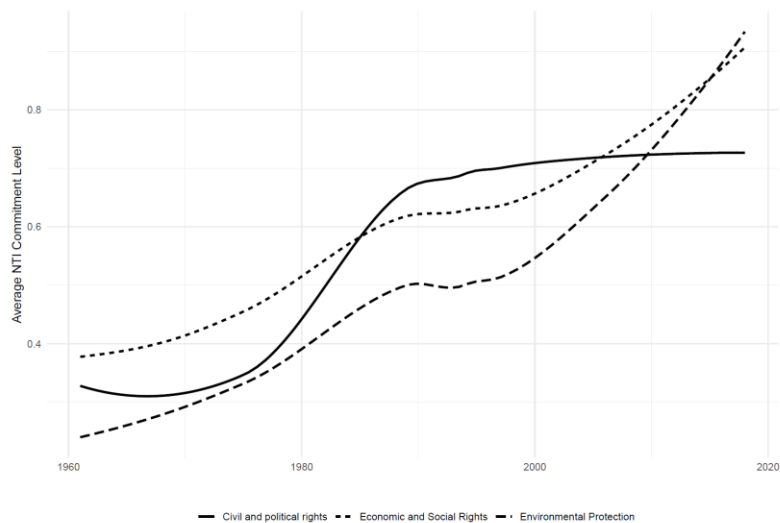
Conceptual Framework

- **Direct Effect**: Inclusion of non-trade policy objectives (NTPOs) in trade agreements trigger changes in partner country regulations and/or implementation, leading to better outcomes (improvement in non-trade performance indicators)
- **Indirect Effect**: Impacts on non-trade outcomes are intermediated by trade, i.e., non-trade provisions impact on trade (investment and this has effects on non-trade outcomes of interest)

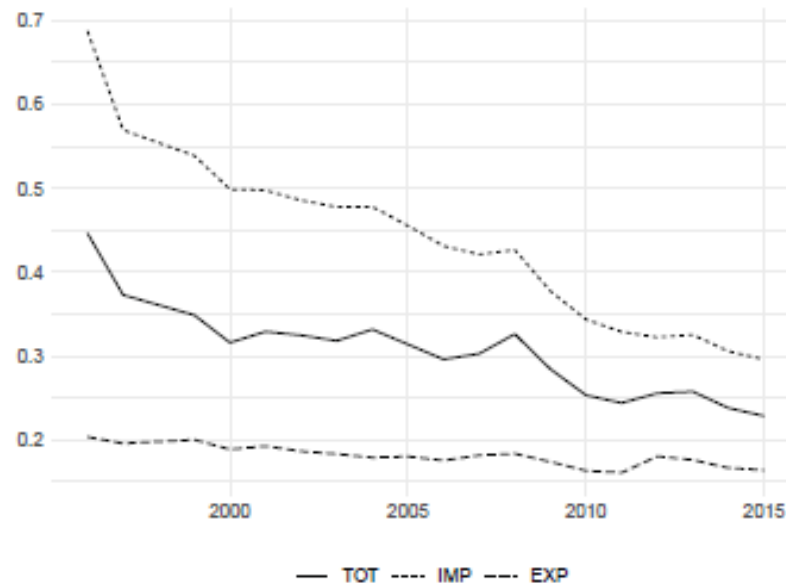


Salient facts

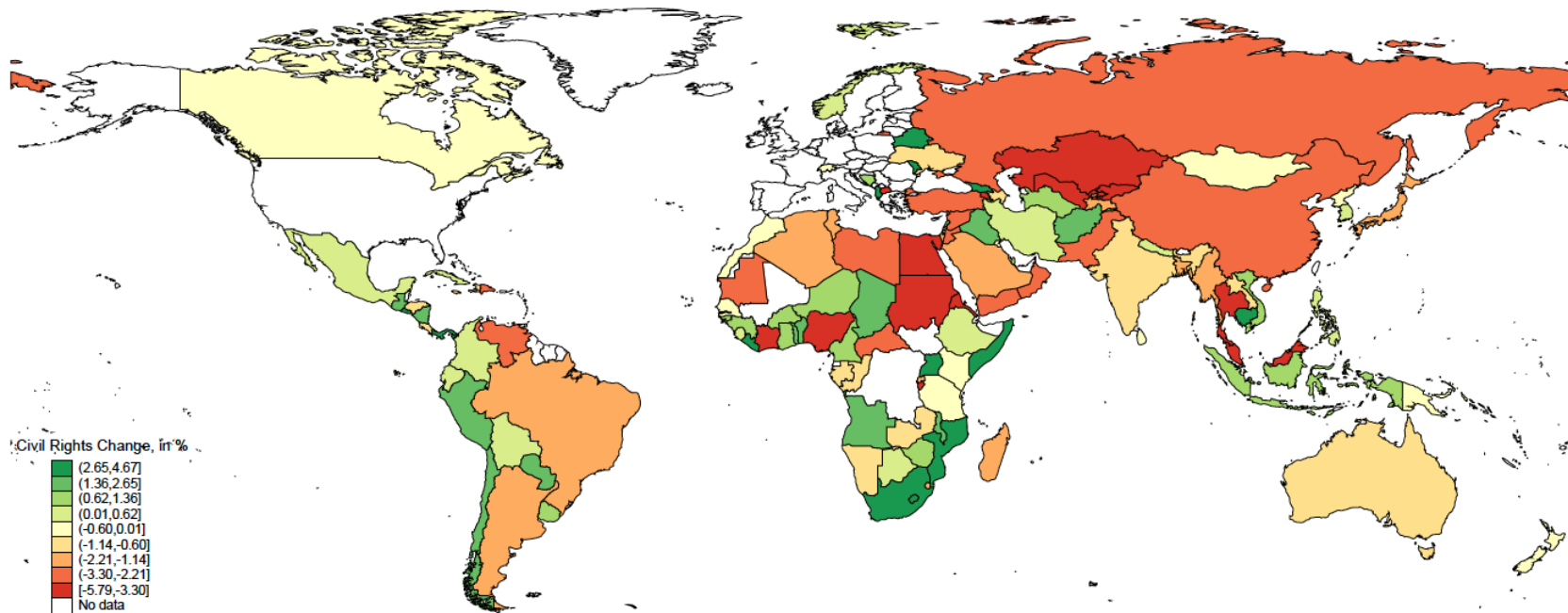
Steady growth in inclusion of non-trade provisions in trade agreements



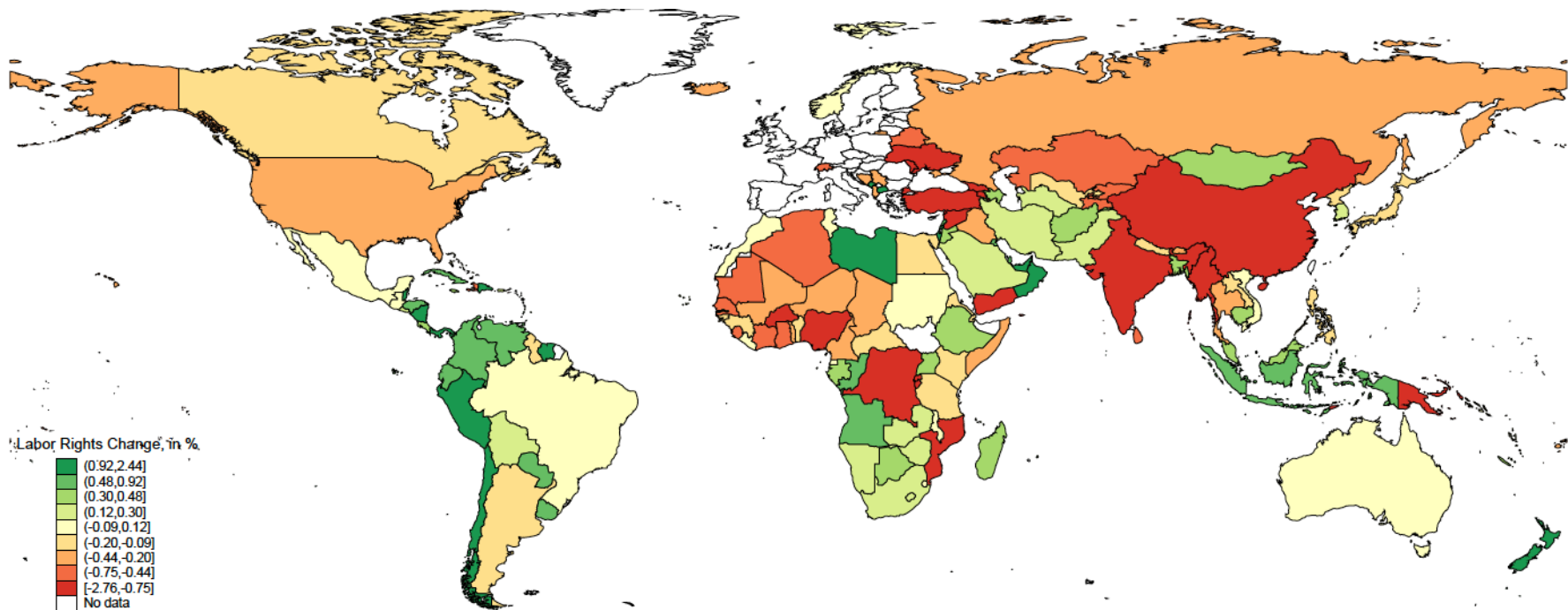
Reduced importance of EU as a trade partner



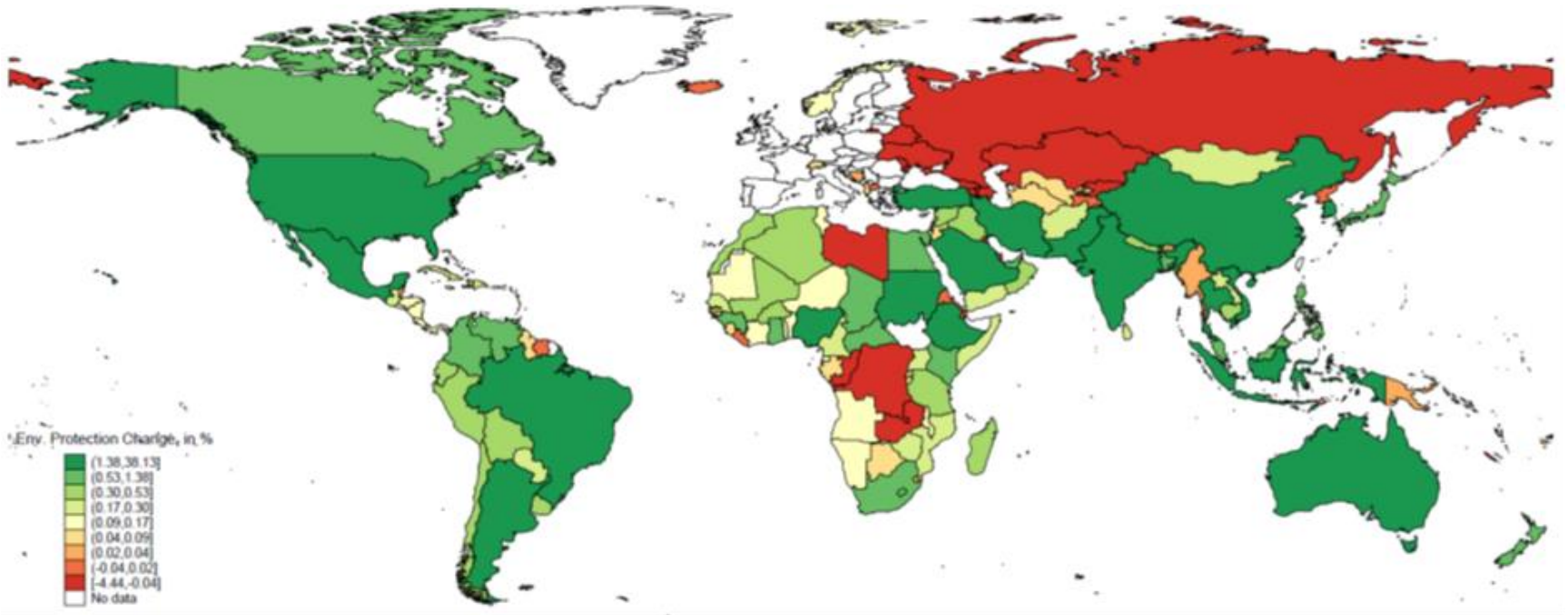
Change in nontrade outcome indicators since 1995, Civil rights



Change in nontrade outcome indicators since 1995, labour rights



Change in environmental protection indicator since 1995

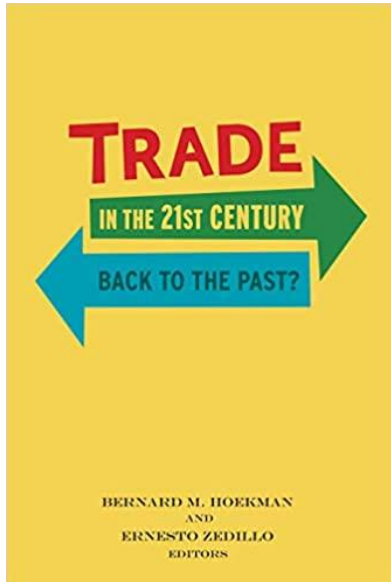


Selected findings from RESPECT research

- A central conclusion, supported by consultations, expert surveys and in-depth interviews is that other instruments must support trade policy in pursuit of NTPOs
- Little evidence of a causal relationship between inclusion of non-trade provisions in trade agreements and partner-country nontrade outcomes
- FDI is possibly a stronger channel: More evidence for a positive relationship between realization of NTPOs and foreign direct investment flows into trading partner countries
- Need for effectively combining and leveraging a range of non-trade policy instruments, incl. targeted development assistance and regulatory cooperation
- Policy dialogue is an underappreciated tool of EU external engagement to pursue NTPOs
- Ex-ante impact assessment processes should do more to identify non-trade priorities of stakeholders and the appropriate instruments to pursue them
- Bolster linkages between ex-ante assessments and ex-post monitoring and evaluation of implementation and results to enhance effectiveness, ownership & accountability

Selected recent RESPECT publications

EU-US trade policy



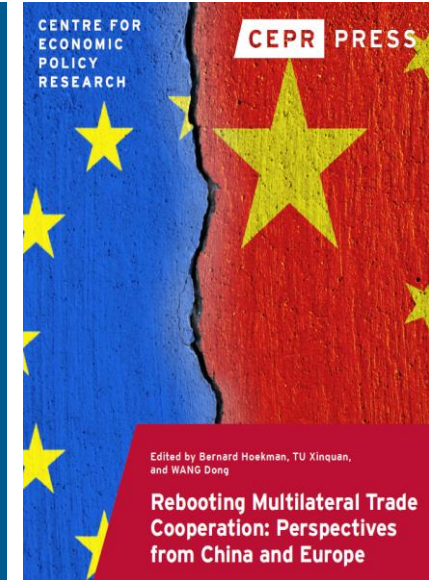
Trade conflicts,
multilateral cooperation &
WTO reform



GVCs, inter-Industry
linkages, trade costs
and policies



EU-China: perspectives
on trade cooperation



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