

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

Trade, trade policy and non-trade policy objectives

Bernard Hoekman

European University Institute, CEPR & Coordinator, RESPECT

Université Libre de Bruxelles

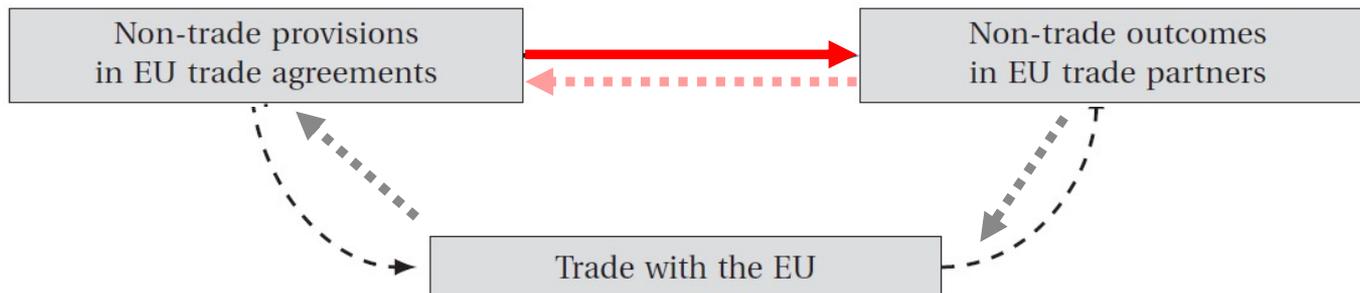
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Trade and non-trade policy objectives in EU external action

- 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
 - Central focus of RESPECT research: use multidisciplinary approaches to assess the effectiveness of EU trade-linkage policy and more broadly coherence of external cooperation instruments
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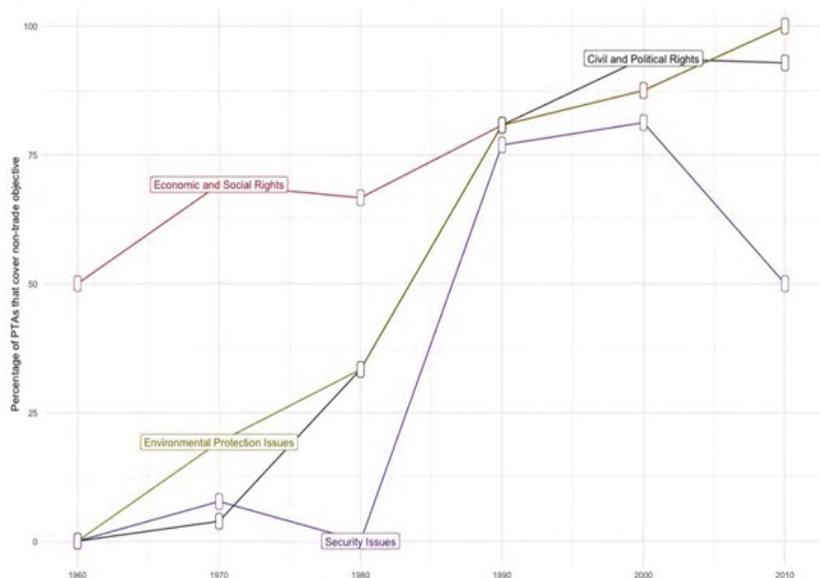
Conceptual Framework

- **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)



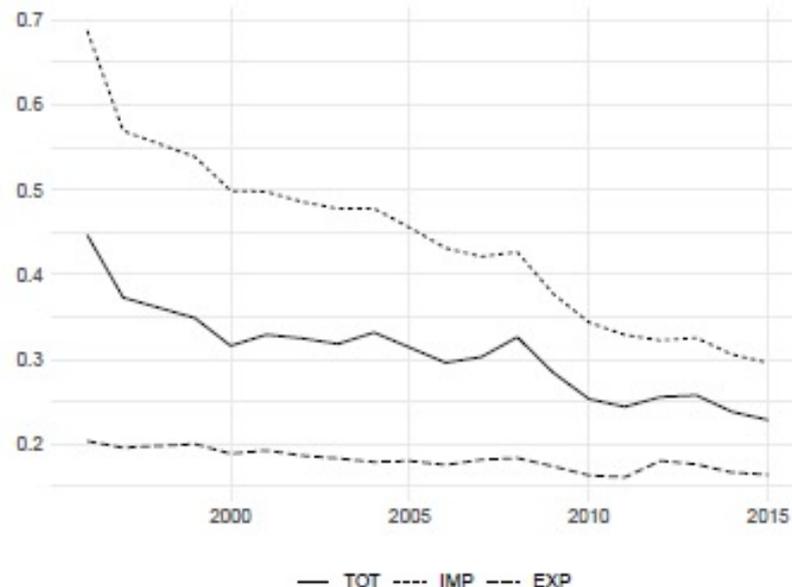
Some stylized facts

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

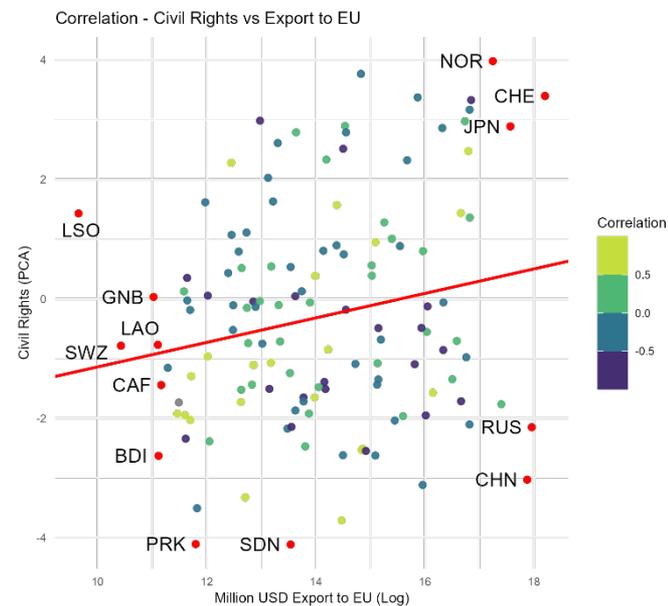
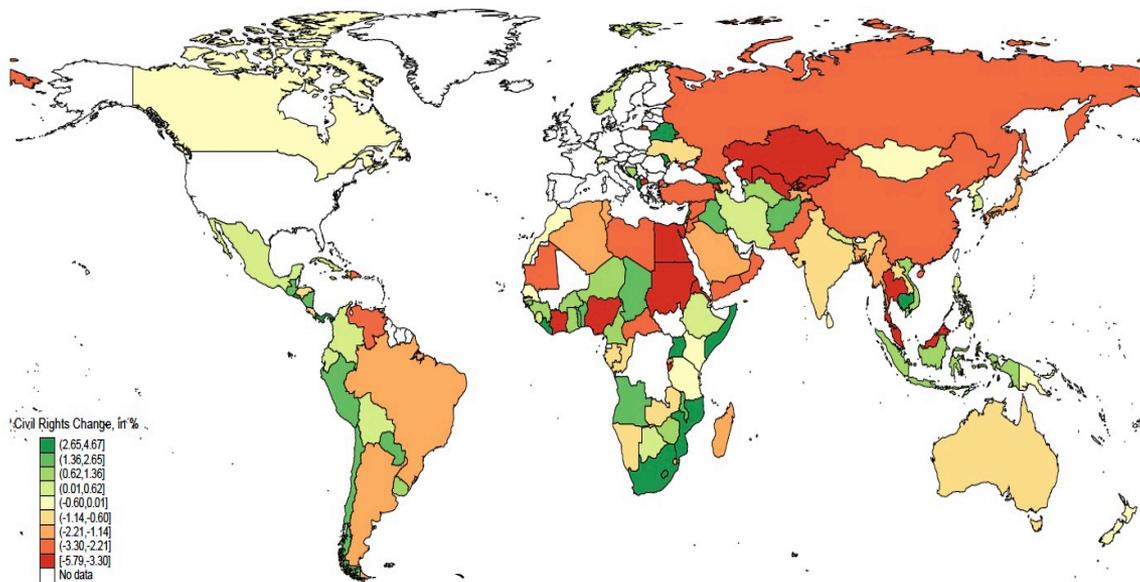


Source: Data from Lechner (2016, 2018).

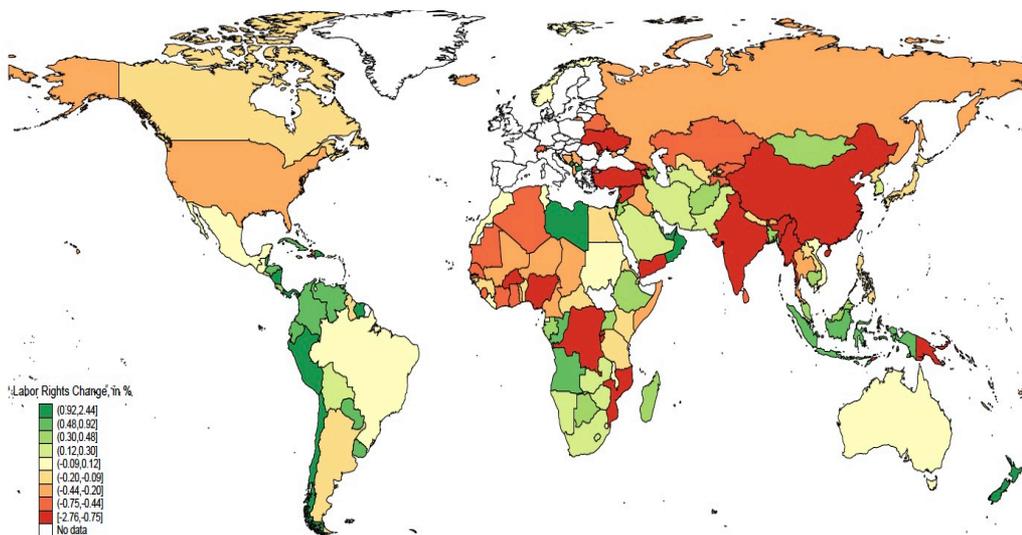
Declining relative importance of EU as a trade partner



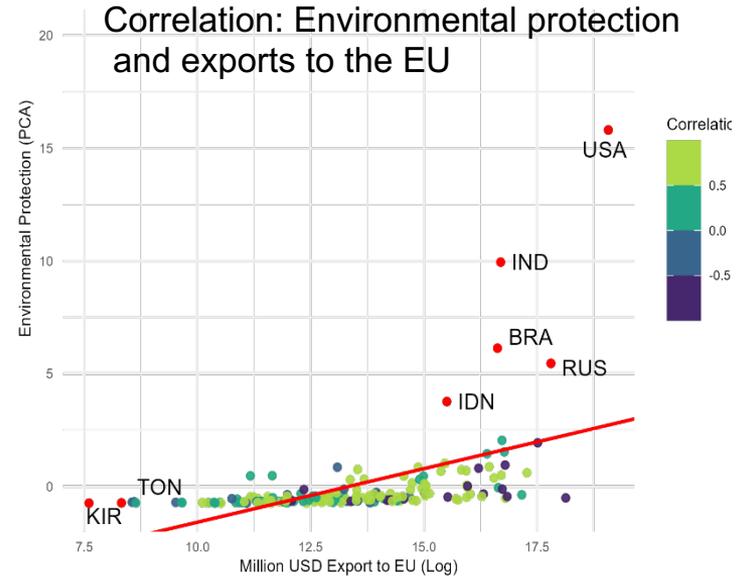
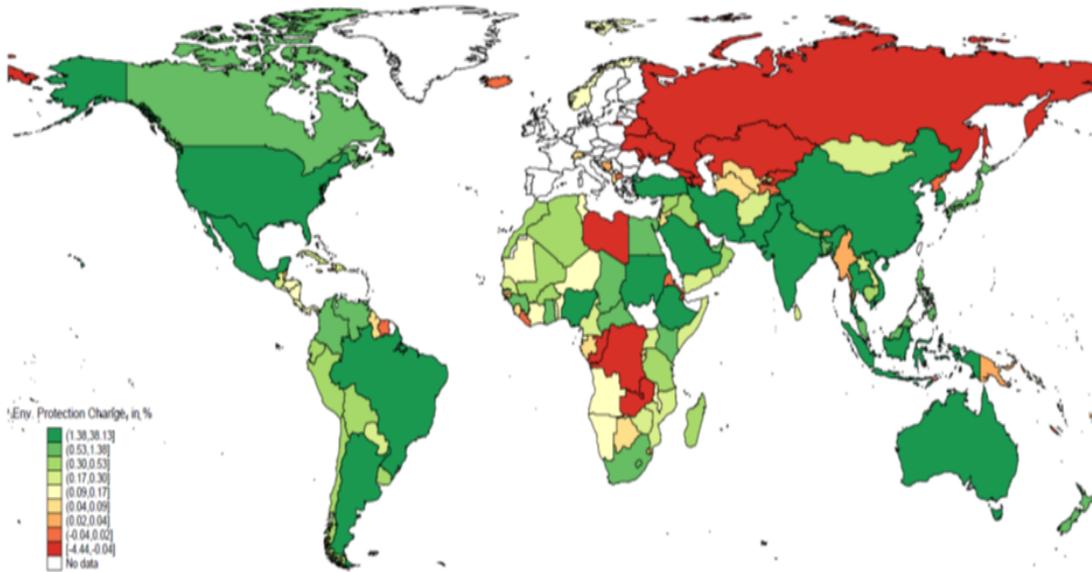
Change in nontrade outcome indicators since 1995: Civil rights



Change in nontrade outcome indicators since 1995: Labour rights



Change in composite environmental protection indicator since 1995

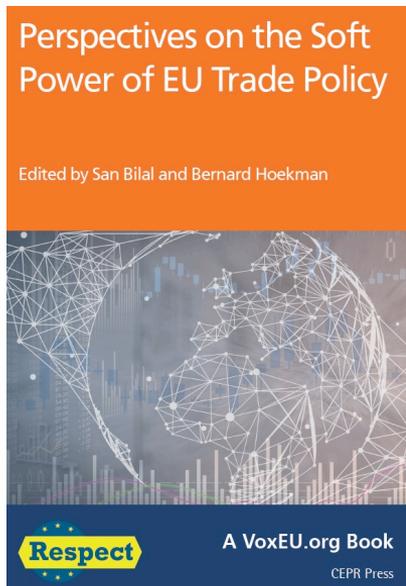


Selected findings

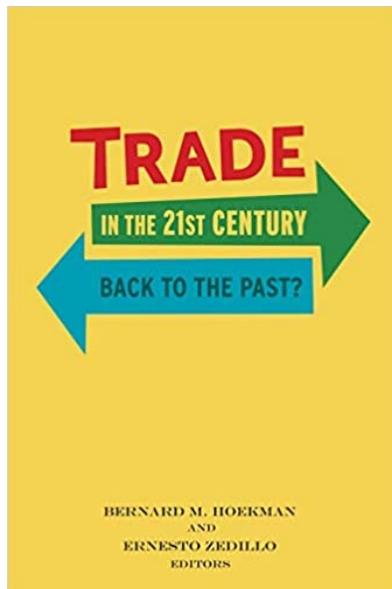
- Strong support among stakeholders for linking trade policy to non-trade goals (EU values) & high degree of coherence in the *values* projected by the EU and its member states
 - But: little robust evidence of a causal relationship between non-trade provisions in EU trade agreements and partner-country nontrade outcomes
 - More positive evidence for foreign direct investment as a channel to improve selected NTPOs
- Achieving NTPOs calls for combining and leveraging a range of non-trade policy instruments, incl.
 - Development assistance, dialogues, regulatory cooperation & use of standards in supply chains, e.g., the Eco-Management and Audit Scheme and ISO 14001 environmental certification
- EU Member State instruments, incl. enterprise networks, export credit & trade promotion complement EU-external policy by targeting country-specific priorities/comparative advantages.
 - Current mechanisms to assure transparency and analysis of their effects are inadequate.
- Ex-ante impact assessment processes do too little to prioritize across NTPOs; establish baseline performance indicators and identify the appropriate instruments to pursue them
 - Can be done through redesigning surveys; deliberative polling; value chain partnerships
- Stronger linkages between ex-ante assessments and ex-post monitoring and evaluation of implementation needed to enhance effectiveness, ownership & accountability

Selected RESPECT publications

Survey evidence and
practitioner views



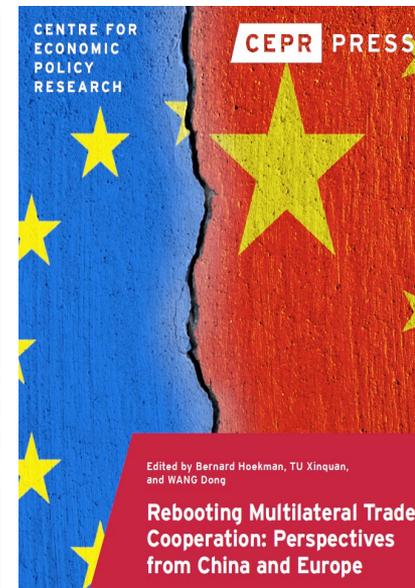
EU-US trade policy



Multilateral cooperation &
WTO reform



EU-China: perspectives
on trade cooperation



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