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Free trade is dead

Long live free trade? Only if we can make globalisation socially just and environmentally sustainable in the future

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In recent years, global trade and trade policy have become central socio-political issues. The planned EU-US trade agreement TTIP triggered an unprecedented storm of indignation and resistance. The fierce debates surrounding the agreement recently negotiated between the EU and the MERCOSUR states show that, in the past years, it has not been possible to find a new balance in trade policy and thereby create broader social acceptance.

We are at a crossroads. Because the domination of the ideal of free trade is over, the king is dead. The assumption that everyone will benefit from the expansion and liberalisation of global trade and that these developments will therefore produce no losers is obviously absolutely wrong. People and the environment are affected, while profits are distributed unevenly. That is not only true in those states that are perceived as the extended workbench of the western world, but also in Germany and Europe.

Many of these developments originated in an environment that was not shaped by bilateral treaties, but by the rules of the World Trade Organisation (WTO). The work of the WTO undoubtedly focusses on dismantling trade barriers and settling trade disputes. In 1996, developing countries blocked the opening of talks on trade-related labour rights issues. They feared that any WTO rules in this area could be used as a pretext to take protectionist measures and thus eliminate the comparative advantage of cheaper labour.

Regulating globalisation

In response to these developments, the EU has included labour and environmental standards in bilateral agreements and in its legislation for opening up its own market to developing countries (GSP Regulation).

The result that we can see today is sobering. In the case of Korea, it took years and countless appeals from trade unions, parliamentarians and other observers until the European Commission finally triggered the dispute settlement mechanism to address Korea's non-compliance in regards to labour rights commitments this year, for the first time in its history. The outcome is uncertain, in part because Korean officials know there will be no harsh penalties if they continue to fail to fulfil their commitments. The GSP system has also proved to be sluggish: on the one hand, there's a lack of capacity to monitor the situation in third countries and, on the other, the Commission shows itself reluctant to exert any decisive pressure on governments.

It is high time we take responsibility and show the world that we are serious about making globalisation sustainable.

We need a new approach for our trade policy. The aim must be a new regulation of globalisation, where social and environmental objectives rather than economic ones dominate. Workers' rights must be strengthened and workers' representatives must be given a real voice in the implementation of trade agreements. The same applies to environmental protection. Trade agreements should not run counter to the objectives of the Paris Agreement, but must promote its implementation. Such an approach would change the balance and focus of the European Commission's work.

At the same time, we should not be afraid to introduce barriers and restrictions where they make sense or where they are even necessary. The EU must not reward states that systematically violate human rights, labour rights and environmental standards with unrestricted market access. Where infringements are detected, we must react quickly and consistently. To this end, we must adapt legislation and lay better foundations in our agreements. But more importantly, there must be a change in the Commission's attitude.

What the next Trade Commissioner should do

A change of direction is only credible if we can ensure the consistent implementation of an agreement in its entirety. And if the Commission, supported by the European Parliament and the member states, uses its legal leeway to protect people and the environment. If issues of sustainability do not go beyond paying lip service, the future for bilateral

trade agreements and European trade policy will continue to be characterised by dissent and uncertainty. This path leads to a dead end – to continue down this road would be to lose credibility as a global actor.

For Europe has the potential to become a much more influential actor on the world stage. Europe is an economic power, but also is an advocate for international standards who sets conditions for cooperation. In doing so, we rely on universal values and norms and on cooperation on equal terms.

Trade Commissioner-designate Phil Hogan has missed the opportunity to provide a progressive vision of the EU as a global actor in his hearing on 30 September 2019. This is regrettable as time is running out to implement a 'trade policy for all', that his predecessor Cecilia Malmström promised. The European Parliament will therefore make sure to give Commissioner-designate Hogan a series of tasks to steer his work over the coming months and years.

It is high time we take responsibility and show the world that we are serious about making globalisation sustainable.



Bernd Lange
Hanover

Bernd Lange has been a Member of European Parliament (MEP) for the German Social Democratic Party (SPD) since 2009. Since 2014 he is chairman of the Trade Committee. He had already been an MEP from 1994-2004.



Tim Peter

Brussels

Tim Peter has been a commercial policy officer in the office of the Chairman of the Committee on International Trade of the European Parliament since 2014. Prior to his work in the EP, he worked in the speaker service and the Directorate-General for Trade of the European Commission.

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