

“Evaluate the challenges facing the European Union in a globalised world”

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The EU is a central player in globalisation, which it helped to bring about and which it continues to co-direct.

→ international organization comprising 27 European countries and governing common economic, social, and security policies. Originally confined to western Europe, the EU undertook a robust expansion into central and eastern Europe in the early 21st century.

The EU is economically powerful (2nd in GDP, 1st in trade), but the economic, commercial, and financial results do not explain the **European paradox**: surprisingly, while the EU is fully integrated into economic, commercial, and financial globalisation, its citizens are showing mistrust or even hostility towards globalisation. How can this be explained? What are the challenges facing the EU in the globalized world?

- I) THE EUROPEAN UNION IS LOSING GROUND IN THE LIBERAL GLOBALISATION PROCESS, WHICH IS PARTLY BEYOND ITS CONTROL AND IS FRAGMENTING AND REINFORCING SOCIAL AND TERRITORIAL INEQUALITIES

The European Union has been slow to realise that the “liberal theory of sweet trade”, the Ricardo myth of free trade and **economic openness without protectionism** that it applied internally according to the triumphant Washington consensus from 1989 onwards, was not perfectly relevant in an increasingly competitive global context.

- 1) THE EU IS DECLINING IN GLOBALISATION, FALLING BEHIND IN THE DIGITAL REVOLUTION BY NOT INVESTING ENOUGH IN RESEARCH AND INNOVATION
 - Demographic decline and competition from the Asian pole (RCEP) and emerging economies Continued decline in the EU's share of world GDP / energy dependence on Russia and oil producing countries
 - Lack of a common industrial policy and death of national industrial policies due to the prohibition of state subsidies = all industrial turns missed (Alstom-Siemens), national champions have not been able to merge with each other
- 2) THE LIBERAL EU MORE VULNERABLE TO THE CHANGES AND CRISES OF GLOBALISATION → PAYING FOR THE ORIGINAL IMBALANCE OF ITS CONSTRUCTION – INTERNAL MODEL
 - A EU THAT IS ECONOMICALLY POWERFUL BUT HANDICAPPED BY ITS DIVISIONS AND INSUFFICIENT POLITICAL INTEGRATION: the EU does not transform its economic weight

into geopolitical leadership because it does not have a common army, a common diplomacy, economic intelligence or a common vision:

Ex: Fracture between frontline countries and Visegrad Group on the issue of migrants, Fracture with the UK Brexit, Fracture with the "frugal countries" and southern countries on the issue of the recovery plan in the face of Covid-19, Fracture France-Germany vs. Poland and Hungary on the issue of the rule of law

- A single currency without social and fiscal harmonization - a federal institution in a non-federal Europe - lack of investment capacity (research, transport, renewable energy, etc.) → the December 2020 trade agreement with China. Everyone wants to continue to sell to China and does not want to rebalance the trade deficit. The EU has allowed all kinds of dumping to flourish.

The convergence of the crises since 2008, which have had a strong impact on the EU, seems to have taken the EU out of its globalised dream as it was turning into a nightmare both from the point of view of the global economic and technological commercial weight (GAFAM and BATX) and of the social consequences on the European working and middle classes. Globalisation on the WTO model has become practically hostile to the European Union, destroying its liberal, democratic, open, multilateral model.

The European Union must first strengthen its **internal cohesion and solidarity (recovery plan)**, its **political integration** (by reaffirming its political model), and then wake up by developing a new economic intelligence in the economic and commercial war that is being waged between the two big powers, USA and China. Globalisation is no longer as much of an injunction to play a role in the world as it used to be, to the point where we even talk about "ecological and social relocation", regaining strategic sovereignty... The context calls for paradigm shifts.

Can a **Brussels Effect*** be achieved...?

(*As coined in 2012 by Anu Bradford, the Brussels Effect is the process of unilateral regulatory globalisation caused by the European Union de facto (but not necessarily de jure) externalising its laws outside its borders through market mechanisms. Through the Brussels effect, regulated entities, especially corporations, end up complying with EU laws even outside the EU for a variety of reasons.)