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BRIEF



Trade Policy and Non-Trade Policy Objectives: Perceptions on EU Strategy¹

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Non-trade issues (NTIs) such as labour standards, political and civil rights and environmental protection have become important objectives in the design and implementation of the European Union's (EU) trade policy. Almost two thirds of the EU trade agreements currently in force feature provisions on human rights and the environment, and about one third cover labour issues. The use of trade policy to attain non-trade policy objective (NTPOs) was a core dimension of the 2015 'Trade for All' trade and investment strategy of the European Commission. The associated linkage between access to the EU market and the realisation of both economic and noneconomic objectives is likely to become an even more prominent feature of EU external policy under the Von der Leyen Commission given the aim of making the EU a stronger geopolitical actor.²

An ongoing Horizon 2020 research project 'Realising Europe's Soft Power in External Cooperation and Trade' (RESPECT) focuses on the question of the effectiveness of EU external policies in realising

1. This policy brief draws on Fiorini et al. (2019) and Yildirim et al. (2019). The project leading to this article received funding from the European Union's Horizon 2020 research and innovation program under grant agreement No 770680 (RESPECT).

2. https://ec.europa.eu/commission/presscorner/detail/en/IP_19_5542.



NTPOs.³ This note summarises some of the findings from an expert survey undertaken as part of the project with the goal of collecting information from practitioners and stakeholders on the perceived salience and efficacy of linking trade to NTPOs and the effectiveness of alternative external policy instruments.⁴ The results suggest there is broad agreement regarding the pursuit of NTPOs, but differences in view regarding the most appropriate (effective) instruments to achieve them.⁵

The Effectiveness of Issue Linkage is Uncertain

Is trade policy an effective tool to achieve NTPOs? The answer to this question remains inconclusive. The extant research literature is often limited to the analysis of a single non-trade issue, with studies suggesting that the strategy only works under certain conditions. In those cases where empirical methodologies are used that are designed to rigorously identify the direction of causality, researchers generally find no effects (e.g., Kim, 2012; Spilker & Böhmelt, 2013; Postnikov & Bastiaens, 2014; Bastiaens & Postnikov, 2017).

A similarly inconclusive picture emerges from the survey of practitioners and analysts with direct experience of EU trade and external policy issues. As shown in Figure 1, more than half of the respondents from EU institutions (largely the European Commission), representatives of business associations and government officials of EU Member States (EUMS) agree that EU trade policy supports the realisation of NTPOs (although only small subset strongly agree with this proposition). In contrast, over half of the respondents from civic society organisations (CSOs), private companies and government officials in EU partner countries do not agree with this claim. Most of these less supportive respondents have a neutral assessment.

Both academic research and the survey responses suggest that the EU strategy of using trade policy to pursue NTPOs is not systematically delivering positive results. Understanding why and when it does (and does not) lead to making progress on nontrade issues requires case-by-case empirical assessments. This in turn requires baseline data on the variables of interest (on specific NTPOs) and information on the implementation of trade agreements and use of other external policy instruments by the EU and EUMS. Survey responses suggest that many consider EU efforts in this regard as inadequate. Across all types of respondents listed in Figure 2, including insiders from EU institutions, only around one respondent in five agrees with the statement that the EU is monitoring effectively how the implementation of trade agreements impacts on non-trade outcomes. Almost one of every two respondents working for CSOs and or governments in EU partner countries does not agree with this proposition.

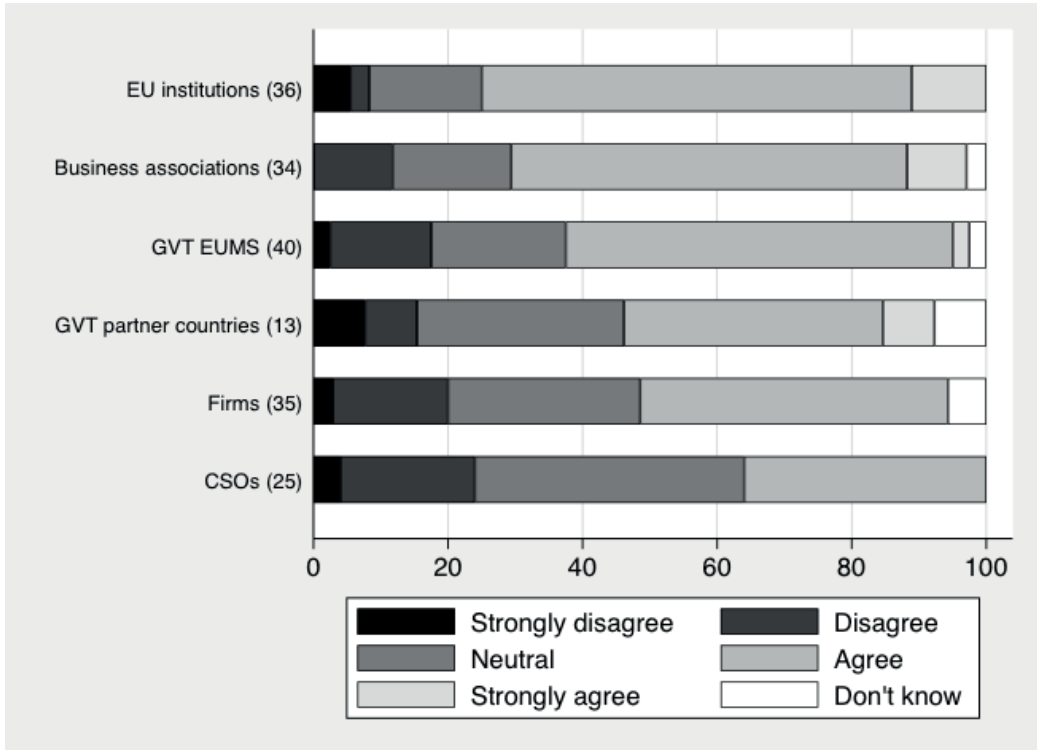
3. A description of the RESPECT project, outputs to date, events and data can be found on the project webpage: <http://respect.eui.eu/>.

4. Fiorini et al. (2019) provide a detailed description of the survey design and its implementation, as well as broad overview of the results. The online survey covered a wide range of stakeholder groups, including practitioners in EU institutions, governments (both EU Member States and non-EU partner countries), businesses associations, and civil society organizations and academics working on trade and development. A total of 511 respondents took the survey; 356 completed the questionnaire.

5. See also the essays by practitioners and stakeholder representatives that complement the survey in Bilal and Hoekman (2019).

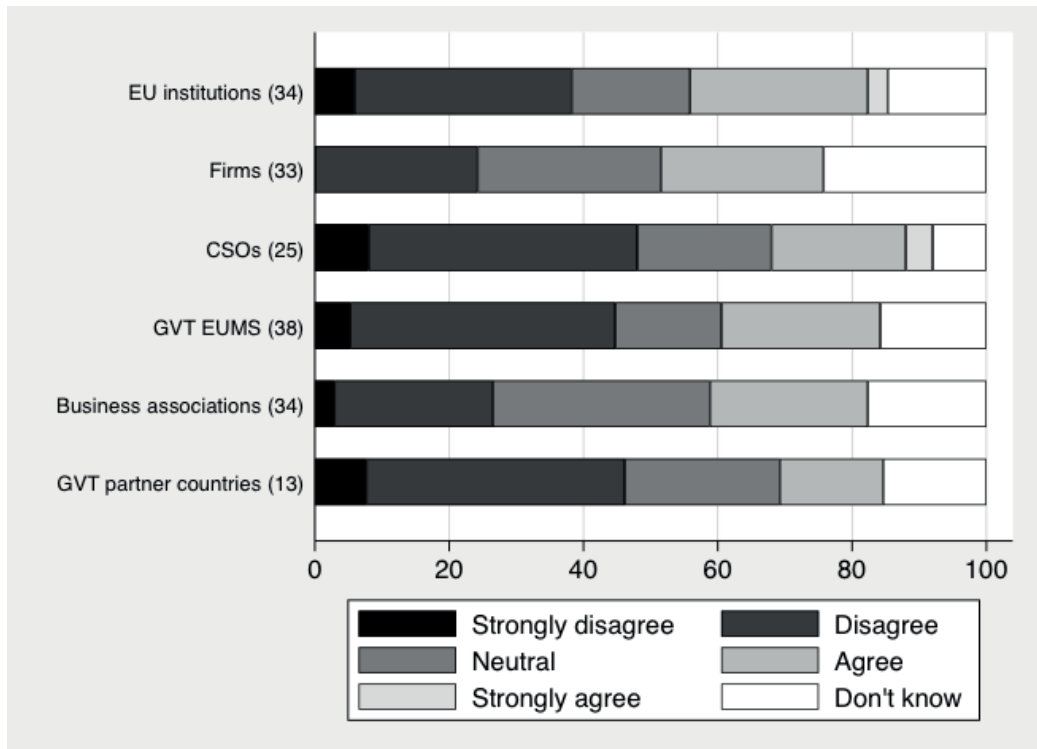


Figure 1: Responses to the statement “EU trade policy supports the realization of EU non-trade objectives (such as human rights, labour, environmental protection and anti-corruption)”



Notes: the figure plots percentage shares of answers (on the horizontal axis) by type of respondent (on the vertical axis). For each type, the number of respondents answering the question is reported in parenthesis.

Figure 2: Responses to the statement “There is effective monitoring of how the implementation of trade agreements impacts on non-trade outcomes”



Note: the figure plots percentage shares of answers (on the horizontal axis) by type of respondent (on the vertical axis). For each type, the number of respondents answering the question is reported in parenthesis.



Beyond Trade Policy and Trade Agreements

An important corollary question regarding the pursuit of NTPOs by the EU is which policy instruments are most salient to achieve these objectives. While much if not most of the literature on EU trade policy and NTPOs views matters through the lens of market access conditionality (linkage in trade agreements and unilateral trade policy, i.e., nonreciprocal tariff preferences), the EU has access to many other policy instruments. When asked to identify the most effective instruments available to (used by) the EU, the practitioners participating in the RESPECT survey consistently identified two instruments regarded as most effective in promoting realisation of NTPOs: targeted assistance to nongovernmental organisations (NGOs) and expert dialogues between the EU and partner countries (see Table 1).

Ranking instruments by the number of respondents which listed them in their answers (each respondent could select more than one instrument) trade agreements appear only in 6th place overall. Respondents affiliated with EU institutions are the most positive about trade agreements, identifying these as the third best choice. Other actors – notably policymakers from partner countries – consider trade agreements to be less effective than assistance to relevant NGOs and regulatory bodies in partner countries, expert dialogues and technical cooperation more generally. This finding is consistent with expectations that partner countries and business seek to avoid the inclusion of costly labour or environmental standards in trade agreements, but the fact that other instruments are dominant in the responses of all stakeholder groups suggests there is broad alignment in views that trade agreements are not the most effective instrument to attain NTPOs. While these findings are only indicative given the small sample size, they point to diverging preferences on what particular instruments to use to pursue NTPOs, and the salience of efforts by the EU to enhance policy coherence (Carbone and Keijzer, 2016) and complement trade agreements with aid for trade (Hynes and Holden, 2016).



Table 1: Instruments for the Realisation of NTPOs

	Targeted assistance for NGOs / unions / regulatory bodies	Expert dialogues between EU and partner country stakeholders	Technical assistance	EU assistance funds (e.g. European Development Fund)	Bilateral development assistance programs of EU member states	Trade agreements	Study tours/student exchanges	Direct investment by European multinational firms	Development assistance for infrastructure improvement	Twinning of cities and similar partnership initiatives	Other instruments	National export promotion activities	Total number of respondents by professional category	Total number of responses by professional category
EU institutions	20	20	11	15	5	16	2	5	4	0	2	0	33	96
GVT EUMS	20	15	12	9	15	7	8	3	3	5	1	2	39	143
GVT partner countries	18	15	15	10	10	0	8	10	8	5	0	0	13	39
Firms	17	19	12	7	5	8	12	7	3	5	3	1	33	95
Business associations	16	18	14	8	8	8	8	6	4	6	4	0	33	106
Civil society	23	14	10	10	8	9	9	5	3	2	4	3	25	92
Total number of respondents	108	96	69	56	52	50	43	32	22	22	14	7		

Note: The central part of the table (highlighted in grey) reports percentage shares of each instrument as chosen by a respondent category over the total choices made by that category (e.g. 20% of all choices made by respondents from EU institutions indicated targeted assistance for NGOs/unions/regulatory bodies as one instrument most effectively promoting non-trade objectives). Instruments (columns) are sorted according to the total number of respondents selecting each instrument across professional categories. The last row of the table reports these totals. The final two columns report the total number of respondents and responses per professional category. There are more responses than respondents, as each respondent could select more than one instrument.



Conclusion

Empirical research evaluating the strategy of using trade policy to attain NTPOs are mixed. The survey of practitioners suggests one reason for this may be that the strategy is not implemented effectively or consistently. Robust empirical assessment of the effects of conditioning trade agreements on commitments on nontrade issues by partner countries requires baseline data on variables that are associated with NTPOs, and careful monitoring of the implementation of trade agreements and the use of external policy instruments by the EU and EU Member States. Ex ante impact assessments can in principle generate the required baseline data but may not in practice do so (Rojas-Romagosa, 2018). Ex-post evaluations require not only collection of relevant data on a timely basis but more regular and deeper engagement with stakeholders that have a direct interest in both trade and nontrade issues.

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