# 19. Trade

*Arlo Poletti*

The European Union (EU) is the world's largest trading bloc—ranking first both as a trader of manufactured goods and services and as a destination and source of international investments—and has traditionally been able to play a pivotal role in international trade relations. Three factors have contributed to the EU acquiring such formidable trade power: the delegation of national powers to conduct external trade policy at the supranational level at the very beginning of European integration, the sheer size of its domestic economy, and the consensual character of decision-making procedures governing trade policy. These factors have traditionally enabled the EU to wield huge influence in international trade relations, making it both capable of achieving policy outcomes largely in line with its trade preferences and of shaping global trade governance. At the same time, since the early 2000s, the political environment within which EU trade policymaking is shaped has changed considerably: relative economic power in the global economy shifted towards Asia, the EU economy became more deeply integrated into global and regional value chains, trade policy discussions became more politicized, and security issues forcefully entered the trade policy agenda. This chapter aims to offer an overview of the legal framework that governs EU trade policymaking, the actors that contribute to shaping the content of EU trade policy, the historical evolution of the EU's role as a global trade power, and the main transformations that are likely to shape the evolution of EU trade policy strategies in the years to come.

## THE EMERGENCE OF THE EU AS AN AGENT OF GOVERNANCE IN INTERNATIONAL TRADE RELATIONS

Prior to their decision to create the European Economic Community (EEC), West European governments determined their trade policies independently. However, with the entry into force of the Treaty of Rome in 1957, West European governments pooled their sovereignty and fully delegated their state powers to the European Commission (EC) for the purposes of conducting external trade at the supranational level, creating a customs union, and developing a Common Commercial Policy (CCP) (Gstöhl and De Bièvre 2018). The choice was consistent with the functionalist logic informing the whole European integration project: freedom to trade within the EEC required putting in place a common external tariff and the appropriate institutional mechanisms to define trade relations with the rest of the world (D'Erman 2020). Since then, the EEC/EU has held powers equivalent to those of a federal state in international trade relations. As Dirk De Bièvre (2024: 203) aptly notes, 'the Treaties effectively render it impossible, illegal in fact and under the strict jurisdiction of the European Court of Justice, for individual member states to conduct their own external trade policy […] turning the EU into a formidable powerhouse in which all member states jointly make binding decisions on European market's external trade barriers as well as on international trade regulation in general.'

The fact that trade policy was placed under supranational competence from the very beginning of the EEC meant that the EC had the sole right of initiative with respect to bilateral, regional, and multilateral trade negotiations and that it was entrusted with the responsibility to negotiate on behalf of, and on the basis of, the mandate granted by the member states. The agreements negotiated by the EC were then subject to approval by the Council of Ministers by qualified majority voting (QMV). Over time, however, the rules governing EU trade policymaking have evolved considerably as a result of both the expansion of the functional scope of international trade negotiations and the changes introduced by subsequent treaty reforms. On the first issue, tensions arose between the EC and the member states with the inclusion of so-called 'new trade issues' in international trade negotiations. More specifically, the CCP faced a major challenge when the Uruguay Round of the General Agreement on Tariffs and Trade (GATT) expanded the scope of international trade negotiations to a host of new regulatory issues, such as trade in services, trade-related aspects of intellectual property rights, sanitary and phytosanitary standards, and investment measures, which were previously confined within the boundaries of member-state domestic governance (Poletti 2012). The addition of these regulatory issues expanded the GATT's functional scope and triggered an ensuing political struggle between the Commission and the member states over who should have ultimate competence over trade negotiations. This conflict led to a redefinition of EU trade policymaking rules through various European Court of Justice rulings and subsequent treaty revisions. Such redefinition moved in two directions. On the one hand, it brought about an expansion of the range of exclusive competencies to include many of these new regulatory trade issues. On the other hand, it simultaneously expanded the control exerted by the member states over the EC by introducing the notion of 'mixed competencies' (i.e. trade issues on which the EU and the member states share competencies), but also required unanimous member-state approval for trade agreements including such provisions. Given that modern trade agreements more often than not include mixed-competence regulatory provisions, this has led to a paradoxical situation whereby the expansion of the EU's exclusive competencies in trade policy has gone hand in hand with a stronger member-state ability to exert control on the Commission. In addition, subsequent treaty reforms increased the European Parliament's (EP) powers in the making of EU trade policy. Most notably, with the adoption of the Treaty of Lisbon in 2009, the EP became a key player in the making of EU trade policy. While the EP is not directly involved in the negotiations conducted by the EC, it has the right to be regularly informed about them, the power to issue resolutions and recommendations to make clear its position on them, and most importantly, it can provide (or withhold) its consent to the final text of the agreement subject to an absolute majority vote. In practice, this means that the EP has the power to veto EU trade agreements.

## WHO SHAPES THE CONTENT OF EU TRADE POLICY?

The treaty-based legal framework delineates how member states and different EU institutions relate to each other in the formal process, leading to the adoption of trade negotiating positions and policies. But how are these actors' policy preferences shaped in the first place? Or, more broadly, where do the policy inputs that shape the content of EU trade policies originate? In line with established approaches to the study of trade policymaking in general, most scholars investigating the determinants of substantive EU trade policy choices rely on the so-called

Open Economy Politics (OPE) approach (see De Bièvre 2024; Poletti and De Bièvre 2014 for an overview). The bulk of this literature starts from the assumption that policymakers act as transmission belts for the demands of organized domestic societal groups (Dür 2008; Dür et al. 2020; Poletti and De Bièvre 2014). The formal process of EU trade policymaking is therefore conceived to be substantively shaped by the preferences of, and the pressures emanating from, different domestic business constituencies, which are defined on the basis of the (expected) distributional consequences of (expected) trade policy choices. The so-called sector model of trade politics has long dominated these investigations, leading to the interpretation of EU trade politics as a political process shaped by the demands of both export-oriented sectors wishing to acquire better access to foreign markets and import-competing sectors seeking to reduce exposure to foreign competition domestically. Generally, this perspective suggests that the EU consistently strives to improve foreign market access for its exporters while protecting domestic sectors threatened by foreign competition. Many empirical studies have shown that, indeed, EU trade policy outcomes across a wide range of policy areas have been determined by the historically contingent relative balance of influence of these two groups of politically active trade-related interests (De Bièvre and Poletti 2014, 2017; Dür 2008, 2010; Elsig 2002; Lechner 2016; Raess et al. 2018; Poletti 2010, 2012; Poletti and Sicurelli 2016; Poletti et al. 2015; Van Ommeren et al. 2021).

This perspective has been complemented in important ways in recent years with the inclusion of two additional sets of societal actors playing a key role in shaping the substance of EU trade policy. First, scholars have explored the implications of the growing integration of the EU's economy into so-called Global Value Chains (GVCs), that is, the globalization of production, trade, and distribution systems (Eckhardt and Poletti 2018). They have come to acknowledge the political importance of European import-dependent firms in EU trade policymaking. These include retailers at the end of the supply chain and goods-producing firms that import intermediate inputs playing a pivotal role in the production process (Eckhardt 2015). These import-dependent firms, which support trade liberalization because they have an interest in accessing cheap imported goods, have increased the political weight of the pro-trade domestic coalitions in the EU and systematically affect EU trade policy choices across the board (Eckhardt and Poletti 2016; Poletti and Sicurelli 2018; Poletti et al. 2021; Yildirim et al. 2018a and 2018b). Moreover, the central role played by the EU in GVCs has had a systematic impact not only on the types of trade policy preferences that are channelled in the EU trade policymaking process but also on the nature of the system of interest representation that underpins it. Traditionally, and consistent with the corporatist character of the EU's system of interest representation (Hanegraaff et al. 2017), trade-related interests have relied almost exclusively on sectoral business associations to voice their demands in the EU trade policymaking process. A number of studies show that largely owing to the growingly important role that large multinational firms play in shaping trade flows between the EU and the rest of the world, the relative weight of direct lobbying by firms has increased at the expense of associational lobbying (Hanegraaff et al. 2023; Poletti et al. 2016). This development has raised concerns that EU trade policy might become even more responsive to the preferences of a narrow set of hyper-concentrated interests (Hanegraaff and Poletti 2021).

Second, a number of studies have moved beyond a narrow focus on organized economic interests and highlight the role played by civil society organizations (CSOs) in the making of EU trade policy. While standard political-economy approaches to EU trade policy have traditionally overlooked the role of CSOs, a number of scholars have shown that they play a key role in the politics of trade. For instance, they played a key role in raising the public salience and politicization of particular trade negotiations, joined forces with import-competitors trying to export labour and environmental standards through trade agreements, and, more generally, helped inform EU trade policies with a value-based agenda (De Ville and Siles-Brügge, 2015; Duina 2019; Dür and Mateo 2014; Eliasson and Garcia-Duran Huet 2019; Garcia-Duran Huet and Eliasson 2018; Poletti and Sicurelli 2012 and 2016; Pollack and Shaffer, 2009; Young 2016; Young and Peterson 2006).

While the majority of analyses investigating the drivers of the substantive content of EU trade policy choices usually focus on the preferences and patterns of collective action of various organized societal groups, other works highlight that EU policymakers and institutions can play an independent causal role in policy content, too. For instance, existing works argue and show that the EC was able to overcome domestic societal opposition to some trade agreements by successfully pushing forward its bureaucratic preferences (Elsig 2007; Elsig and Dupont 2012), constructing an ideational imperative for trade liberalization (Siles-Brügge 2011), pursuing long-term economic governance and milieu-shaping objectives (Khorana and Garcia 2013) or seeking active engagement with the US and China in the Asian region (Garcia 2013). In addition to the EC, the EP has become a central actor in EU trade policymaking. For instance, the right to approve trade agreements that has been granted to the EP with the adoption of the Treaty of Lisbon has led to a significant democratization of EU trade policymaking (Ripoll Servent 2018). As a result, individual Members of the European Parliament (MEPs) have now acquired great influence over external trade policy issues, and the International Committee on Trade (INTA) has over 85 members (10 per cent of sitting members) and has a large support staff enabling it to significantly weigh in throughout the decision-making process (De Bièvre 2024; Meissner 2016). More generally, the EP has become a key hub through which societal interests that usually dispose of lower resources to establish systematic contacts with the EC, usually CSOs, make their voices heard in the EU trade policymaking process (Gstöhl and De Bièvre 2018).

## THE EU AS A SHAPER OF MULTILATERAL TRADE GOVERNANCE

A large body of literature documents the traditional EU role as a powerful trade actor, one that has not only been capable of affecting the trade policies of other countries but also of shaping the rules that govern international trade relations (see Conceição-Heldt 2011; Dür and Zimmermann 2007; Eckhardt 2015; Meunier 2005; Poletti and Sicurelli 2018; Siles-Brügge 2014; Young and Peterson 2006 and 2014). Two factors have enabled the EU to exercise significant structural influence on global trade governance: the size of its domestic economy and share of global imports and the characteristics of the rules and institutions governing EU trade policymaking. The EU has traditionally been able to trade access to its large market in exchange for valuable concessions from its trading partners (Dür 2010; Damro 2012). At the same time, the high domestic trade policy decision-making thresholds, which have historically narrowed the viable policy win-set, also enhanced the EU's bargaining power. The stringent unanimity rules applying to many comprehensive trade negotiations involving mixed competences, for instance, made the EU an exceedingly demanding trade negotiator, creating the well-known paradox of weakness as a source of bargaining strength, which further increased the EU's capacity to achieve policy outcomes in line with its trade- and non-trade interests (De Bièvre 2018; Meunier 2005).[1]

A brief historical overview of the EU's role in global trade governance clearly bears witness to these propositions. For instance, the EEC played a key role in shaping multilateral trade rules very early on. The very creation of a single European market had huge trade diversion effects (i.e. individual Western governments' imports from the rest of the world were replaced with imports from within the EEC), which hit the US particularly hard. Faced with reduced export opportunities in the European market, the US adamantly demanded increased market access, which strengthened the then EEC's bargaining position in the Kennedy Round of GATT negotiations and allowed it to conclude negotiations with policy outcomes matching EU trade preferences (Dür 2010). As a result, the EU was able to obtain large market access concessions in return. Having been able to effectively ward off many of the US demands during the Kennedy Round, the EC effectively took the driver's seat, together with the US, as the co-shaper of the multilateral trading system. As Sieglinde Gstöhl and Dirk De Bièvre (2018: 127) put it, 'the early GATT rounds mainly consisted of negotiations between the Europeans and the Americans whose reciprocal liberalization commitments formed the core of the world trading system.' Meanwhile, by granting a GATT waiver for the establishment of the Generalized Scheme of Preferences (GSP) for developing countries in 1971, as well as by autonomously structuring its relations with its ex-colonies in the Lomé Convention as of 1976, the EU managed to oppose the demand for a fundamental reform of the GATT system pushed forward by newly decolonized developing countries (De Bièvre and Poletti 2013).

The EU's role as a key co-shaper of global trade rules continued in the subsequent period and reached its pinnacle in the Uruguay Round, which ultimately led to the creation of the World Trade Organization (WTO). In particular, the EU, again in line with the US, decisively contributed to a significant change global trade governance in two important ways. First, it became a sponsor of the expansion of the functional scope of multilateral trade rules to include a whole new set of regulatory issues. As noted, the Uruguay Round ended up creating the WTO which, next to the old GATT, integrated a set of new regulatory agreements: the General Agreement on Trade in Services (GATS), Agreement on Trade-Related Investment Measures (TRIMS), Trade-Related Aspects of International Property Rights (TRIPS), Technical Barriers to Trade (TBT), and Agreement on the Application of Sanitary and Phytosanitary Measures (SPS). These new regulatory provisions clearly served the offensive interests of advanced industrial economies, notably the EU and the US, and were obtained in exchange for very minor concessions in the area of agricultural goods trade (Poletti 2012). Second, the EU and the US successfully sponsored the replacement of the GATT's political-diplomatic system of dispute settlement with the quasi-judicial Dispute Settlement Mechanism (DSM) that significantly strengthened enforcement of multilateral trade rules by introducing a credible threat of multilaterally authorized sanctions in case of non-compliance (De Bièvre and Poletti 2015). The two strategies went hand in hand: strengthening the enforcement mechanism of the multilateral trading system was deemed necessary to ensure that, if needed, developing countries could be compelled into complying with the new regulatory trade provisions (De Bièvre 2006).

As documented by Richard Steinberg (2002), the EU and the US jointly arm-twisted developing countries into accepting such an evolution of the multilateral trading system. They did so by organizing the Uruguay Round of negotiations as a 'single undertaking', a package deal on all issues on the negotiation table. Under such a negotiation format, developing countries were effectively confronted with the choice of accepting the new regulatory agreements or, if they chose to do so, opposing those agreements and risking exclusion from the benefits of existing market access commitments under the GATT. As Dirk De Bièvre and Arlo Poletti (2013: 28) note:

> thanks to this formula, for the first and arguably last time, the EU and the US could use the threat of exclusion from existing GATT market access commitments to force recalcitrant GATT members into accepting liberalization and regulatory commitments in services, intellectual property rules, public procurement, technical barriers to trade, rules of origin, food health and safety standards, and trade-related investment measures. The EC – in tandem with the US – thus secured the very policies dear to its own while ensuring that the new international governance level embodied the institutionalization of those policy preferences.

In sum, for almost half a century after its creation, the EU has played a pivotal role in international trade relations, effectively using its bargaining power to co-shape with the US the world trade regime.

## NAVIGATING A MORE COMPLEX INTERNATIONAL TRADING SYSTEM

Somewhat paradoxically, the adoption of the Uruguay Round and the creation of the WTO marked the beginning of the decline of the EU's ability to shape global trade governance in line with its preferences. Soon after the end of the Uruguay Round, the EU assumed leadership in the promotion of a new round of multilateral trade negotiations, which, after the setback of the Millennium Round in Seattle in 1999, led to the launch of the Doha Development Round in November 2001. European negotiators thought that, as in the past, they could easily persuade developing countries to accept new and more demanding regulatory provisions (e.g. services, public procurement, investments, trade facilitation, competition, labour, and environmental standards) in exchange for concessions in the field of agricultural trade (Poletti 2010; Ahnlid 2005). However, it soon became clear that these expectations were ill-founded. In the 2003 Ministerial Conference held in Cancun, a group of emerging economies, which included Brazil, India, and the newly acceded China, successfully formed and maintained a unified coalition both opposing the further expansions of the WTO regulatory reach and demanding more far-reaching concessions on trade in agricultural goods (Kerremans 2004; Poletti 2011). In subsequent negotiations, additional cleavages emerged between developed countries (e.g. on the extent of liberalization in agricultural trade), and ultimately, it became clear that the initial ambitions of EU trade negotiators had to be scaled back. After 12 years of negotiations, the only tangible result of the Doha Round was the adoption of the Trade Facilitation Agreement (TFA) in 2013, a modest agreement to reduce cross-border processing costs. In the end, the rising economic clout of new emerging economies fundamentally reshaped power structures in multilateral trade governance and brought to an end the bilateral EU–US co-hegemony in multilateral trade governance (Mortensen 2009).

The EU trade policy strategy adapted to the new reality of multilateral trade politics by shifting towards seeking trade liberalization with Preferential Trade Agreements (PTAs). More specifically, in 2006, the EC released its Global Europe Communication in which it announced a marked shift in the EU's trade strategy from a 'multilateralism first' approach to a more strategic approach based on bilateralism (Elsig 2007). Since then, the EU has negotiated trade agreements with important partners such as South Korea, Japan, Canada, Vietnam, Thailand, Singapore, and Australia, and is negotiating trade agreements with other partners such as India, Mercosur, and Indonesia. It even unsuccessfully tried to create a mega-regional trade agreement with the US. Many factors combined to produce this strategic shift. Of course, the realization that its power to determine outcomes in multilateral trade negotiations had waned in the face of changed power structures in the WTO played a key role (De Bièvre and Poletti 2013). In addition, the fact that many other prominent WTO members were concluding PTAs created a domino effect by incentivizing the EU to follow suit in order to avoid being left behind and, therefore, lose significant market shares (Dür 2007). Moreover, the strong economic interdependence between the EU and many Asian countries within GVCs created strong incentives to pursue bilateral trade agreements with them (Eckhardt and Poletti 2016; Poletti and Sicurelli 2018; Poletti et al. 2021). Irrespective of the specific drivers of these trade agreements, it is clear that starting in the mid-2000s, the EU could no longer play a dominant role in shaping global trade governance and thus sought instead to shape international trade relations through bilateral and regional trade agreements.

## THE FUTURE OF EU TRADE POLICY: THREE PERSPECTIVES

What will the future of EU trade politics and policy look like? The mid-1990s represented a turning point for the EU's role as a global trade actor. In particular, the 2000s challenged the two basic paradigms that had guided EU trade policy for almost half a century: that the EU had an ability to co-shape the terms of international trade relations with the US and that the multilateral governance system embedded in the GATT/WTO framework was the most appropriate institutional arena to pursue its trade policy objectives. Despite these important changes, the basic features of EU trade politics and policy remained relatively stable up until the end of the 2000s: the EU used its bargaining power to maximize EU exporters' access to foreign markets while providing some kind of protection to industries vulnerable to foreign competition. In the following decade, however, three emergent trends have the potential to change the very nature of trade policymaking in the EU and, hence, to determine key strategic shifts in the kinds of trade policy objectives that the EU pursues. Without aiming to provide conclusive answers, I briefly illustrate these underlying transformations to define the sets of broad constraints and incentives that are likely to define future trajectories of EU trade policymaking.

### Global Value Chains and EU Trade Policy

The globalization and fragmentation of trade, production, and distribution systems stand out as one of the most important developments in the contemporary international economy (Eckhardt and Poletti 2018). Starting in the 1990s, producers in developed countries began systematically outsourcing labour-intensive, less value-added operations to lower-income countries (Lanz and Miroudot 2011). The EU has been one of the main drivers of these ongoing processes of internationalization and fragmentation of production and is the trading entity with the deepest and most extensive links with GVCs (Amador and Di Mauro 2015; Di Mauro et al. 2013). These developments had several transformative effects on the politics of EU trade policy. As briefly mentioned above, the integration of the EU's economy in GVCs has stimulated the political mobilization of import-dependent firms, which, next to traditional export-oriented and import-competing firms, have become key actors in the politics of EU trade policymaking. This structural transformation can be expected to generate lasting consequences for how the EU defines its trade policy objectives. As Andreas Dür et al. (2020: 947) note, 'EU trade policy preferences should become more genuinely free trade orientated.' The logic of this proposition is quite straightforward: since firms that operate within GVCs benefit from cheap imports of final products and intermediate inputs, they are interested in removing or reducing domestic import-restricting policies that can increase the variable costs of imported goods. Moreover, this perspective suggests that the EU should be less likely to seek stringent regulatory provisions in the trade negotiations with partners with which it is highly integrated in GVCs (Poletti and Sicurelli 2018; Poletti et al. 2021). Indeed, higher labour or environmental standards in developing countries can generate negative distributional consequences for European firms investing in those countries or purchasing intermediate goods from them.

In addition to changing EU trade policy preferences, this transformation can also be expected to reduce the EU's bargaining power in trade negotiations (Dür et al. 2020). As previously mentioned, one of the major sources of EU bargaining power has traditionally been the ability to foreclose foreign producers' access to its large domestic market. As a growing number of import-dependent firms advocate the reduction of regulatory barriers to trade, it will lessen the EU's ability to credibly threaten the closure of its large market to extract concessions from third countries.

## The Politicization of EU Trade Policy

At the same time that the processes described above have increased the political weight of domestic pro-trade business constituencies, EU trade policy has also become more politicized. Indeed, many high-profile trade negotiations in recent years generated significant domestic political turmoil, and many observers and analysts contend that EU trade policy has evolved into a highly politicized policy area (see De Bièvre and Poletti 2020; Laursen and Roederer-Rynning 2017; Meunier and Czesana 2019; Young 2016). The politics of EU trade policymaking have been increasingly characterized by an uptake in the levels of salience and polarization of citizens' opinions, interests, or values, as well as by the modes through which demands by societal actors are publicly advanced in the process of policy formulation (de Wilde 2011). There is ample empirical evidence supporting the contention that there has been a growing politicization of EU trade policy. Obvious examples include the successful campaigns of different CSOs in raising public awareness of, and opposition to, trade negotiations such as the Transatlantic Trade and Investment Partnership (TTIP) and the Canada–EU Comprehensive Economic Trade Agreement (CETA) (Buonanno 2017; De Bièvre 2014 and 2018; De Ville and Siles-Brügge 2015 and 2016; Garcia-Duran Huet and Eliasson 2018; Siles-Brügge 2017). But many works also highlight how high levels of exposure to the vagaries of international economic competition, in particular Chinese import shocks and off-shoring, have had a systematic impact on the rise of anti-globalization sentiments and the electoral success of political parties advocating economic nationalism across different European countries (Colantone and Stanig 2018; Milner 2021). More generally, the gains from trade liberalization in the EU are increasingly concentrated in the hands of a few superstar exporting firms, mostly multinationals, while the costs are shared by the majority of small- and medium-sized enterprises (Baccini et al. 2021), which might at least partly explain the growing politicization of EU trade agreement negotiations.

The politicization of EU trade policy also has potentially far-reaching consequences. If the GVC perspective suggested a more free-trade orientation for EU trade policy, the politicization perspective suggests that it should become more protectionist. As the general public grows more sceptical about the merits of trade liberalization and, consequently, political parties take more protectionist policy stances, we should expect these preferences to shape the EU trade policymaking process at various levels—member states, the EP, and the EC—and to produce a more protectionist trade policy. And, again contrary to what is suggested by the GVC perspective, we should expect the EU to be more prone to negotiate trade agreements that include stringent regulatory provisions to compel trade partners to reduce unfair competition and uphold EU-preferred standards for labour and environmental protection. As Dür et al. (2020: 949) put it, 'as European citizens become increasingly sceptical of trade agreements, they should demand strong non-trade provisions to accompany any trade liberalization.' These elements, in turn, should make the EU a more stubborn trade negotiator. As the politicization increases the threshold above which a trade agreement can be deemed acceptable by the public, the EU can be expected to become a more difficult and demanding partner with whom to negotiate trade agreements.

## The Geopoliticization of EU Trade Policy

Finally, some scholars argue that EU trade policy is not just becoming more politicized, but is also becoming more geopolitiziced (Meunier and Nicolaidis 2019; Meunier 2022). The sobering experience of the first Trump administration's aggressive trade policy, the increased assertiveness of China's trade policy in the Asian region, and the disruptions to the smooth working of transnational chains of production and distribution brought about by the Covid-19 pandemic and the Russo-Ukrainian War crisis have all contributed to a strategic reassessment of the broader objectives that should underpin EU trade policy. While the EU has consistently been the staunchest advocate of an open trading system, in February 2021, the EC released a new trade strategy in which it explicated the need to gear EU trade policy towards supporting the EU's strategic autonomy and broader geopolitical goals while still positioning the EU as the guardian of openness and multilateralism. As Sophie Meunier (2022: 2) argues, 'to achieve these objectives the EU has been creating a panoply of new instruments to level the economic playing field by redressing unfair trade practices and to prevent its economic competitors from making commercial transactions with negative national security implications.' In 2020, the EU adopted a mechanism to screen inward foreign direct investments (FDIs), which stimulated member states to strengthen national mechanisms for investment screening. One year later, the EC also issued a legislative proposal for the so-called Foreign Subsidies Regulation (adopted in 2022), which introduced new instruments and procedures allowing the EU to monitor FDI transactions, investigate potentially distortive subsidies, and adopt remedial measures. Also, in the same year, the EP and the Council finally agreed to establish a new international procurement instrument (IPI) in order to exert pressure on foreign countries to open their protected markets to EU operators. Finally, the EU is currently developing an anti-coercion instrument to address pressing concerns about the increasingly porous border between the economy and security.

These initiatives do not necessarily cast doubt on the EU's continued commitment to uphold an open international trading system, yet they certainly signal that the EU has recognized the need to equip itself with the necessary institutional tools to challenge a foreign partner's actions that endanger the EU's ability to pursue its trade policy goals. The shift towards a better appreciation of the security implications of trade policy choices could affect EU trade policy in significant ways. It is not only likely to restrict the range of acceptable trade deals with a range of trade partners with which security issues rank high on the agenda but also create an incentive for the EU to bargain harder with a view to ensuring that trade and security are more closely aligned.

## CONCLUSION

In this chapter, after providing an overview of the legal framework that governs EU trade policymaking and of the actors that play a key role in shaping its content, I have advanced the argument that the EU's role as a global trade actor underwent significant transformations and is currently experiencing additional structural challenges. The first transformation arrived in the early 2000s when the changed distribution of relative economic power at the global level made the EU realize it could no longer co-dictate, together with the US, the terms of global trade governance. In the last two decades, moreover, three developments are likely to affect the politics of trade in the EU in significant ways: the ever-deeper integration of the EU's economy in GVCs; the politicization of trade policy discussions; and the growing entanglement of security concerns in the making of trade policy choices. These developments have the potential to cause paradigmatic shifts in the EU's broader trade policy strategy, as well as in the EU's bargaining power in trade negotiations. The specific trajectory of the EU's evolving role as a global trade actor will plausibly depend on how structural and contingent factors will produce particular configurations of interactions in response to these three transformations.

## NOTE

1. Even when trade policy decisions fall under EU-exclusive competencies, the practice of consensus decision-making usually prevails over the potential use of QMV (De Bièvre 2024).

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