

## **Can the EU Have a voice on the international Arena?**

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The multilateral system that has framed the “world order” for the last six decades is being challenged. The rise of economic nationalism, the emergence of new superpowers, mounting protectionism and the rise of conflict and novel “solutions” outside the global governance rules based system, are becoming the new “normal” in today’s economy.

There are multiple causes for this unrest: the increased complexity and long decision-making processes of the system, the inability to reflect a very different political and economic distribution of powers; and the growing concern about the uneven distribution of the benefits of global trade throughout the world and even within individual countries or regions. Increased inequality and social dislocation in advanced economies are also questioning the “liberal paradigm” of free and open markets.

At the same time, the world is facing unprecedented challenges of a global nature: fighting climate change and dealing with the many relevant consequences of the digital revolution in markets and societies are clearly common issues that require a global response. No single country or region can actually tackle them fully; they require cooperation within a well-functioning rules-based multilateral system.

Tensions between “globalization” and policies that are designed at the national level are nowadays very present. There is need for finding new ways of organizing globalization, old rules no longer work, or at least are contested since they were conceived for a different world, and there is a tendency to go back to bilateralism.

This is especially evident in the trade system, but it can be seen also in relation to international finance, global taxation, environmental policies, protection of civil and economic rights, capital movement, technological innovation, fighting money laundering or terrorism financing, cyber and physical security, data regulation or competition policies..

In this complicated context, can the EU have a voice?

It certainly can. And it should. Probably more than ever.

The European Union is a beacon of peace, freedom, security and justice; it promotes sustainable growth, stability, competitive market economies with social values. The EU plays a decisive role in international diplomacy, the promotion of human rights, trade, development and humanitarian aid. The Lisbon Treaty sets out clearly what should guide the European Union internationally: "The Union's action on the international scene shall be guided by the principles which have inspired its own creation, development and enlargement, and which it seeks to advance in the wider world: democracy, the rule of law, the universality and indivisibility of human rights and fundamental freedoms, respect for human dignity, the principles of equality and solidarity, and respect for the principles of the United Nations Charter and international law."

**Our shared and common values are more necessary than ever.** And from an economic point of view it is important to emphasize the EU's role in two areas:

**On trade:** The EU is the world's largest trading block and the world's largest trader of manufactured goods and services. It acts with one voice on the global stage, rather than with 28 separate trade strategies. New trade deals have recently been negotiated with Canada and Japan, and we are working steadily towards a new agreement with Mercosur. And we want to continue working to reinforce our multilateral rules based system.

The EU is thus a key partner for the strategic rethinking of the current international institutional framework, starting with the WTO, to make our rules more inclusive, transparent, fair and flexible, and to ensure they can act swiftly when problems arise.

In parallel, we should engage with new players through softer forms of cooperation, more informal, non-binding and more cooperative. G-20 is a good example of a gathering where policy agendas can be pushed and discussed

**On economic global influence:** The large economic and financial size of the Eurozone and the existence of a single monetary and exchange rate policy for most of its members make EU's policy decisions and economic developments increasingly relevant for the world economy. The EU is one of the largest financial markets in the world and the euro is the second international currency. It is the single currency of the European Union and represents 85% of its GDP. More Member States will join the euro area in the coming years.

We need to work towards increasing the international role of the euro. We have a common asset that could be further developed and used not only as an economic platform, but also as a political tool, an element of soft power and foreign policy, fostering EU objectives worldwide.

The fact that the use of the euro on international financial markets is now still below the peak reached before the outburst of the euro area sovereign crisis is a signal that the perceived strength of the Economic and Monetary Union plays a role in this regard. To reap the benefits of Europe's dimension in a globalized world, we need to complete the Economic and Monetary Union. Not as an end in itself but as a means to create a better and fairer life for all citizens, to prepare the Union for future global challenges and to enable each of its members to prosper.

For this to be true, we need to push for a more integrated euro area, with a real deepening of EMU: Banking Union, Capital Markets Union, a reinforced stabilization capacity for the euro area and a stronger institutional architecture. Four elements that are interconnected are critical for increasing the use of the euro on international markets.

Europe has a crucial role, in today's complex world. It is important to reinforce its leadership in fostering the global agenda and engage as a real power moving beyond a broker between other blocks. The European Union brings important values to the international table that are more important than ever, and in this endeavor we need a more integrated, stronger Europe.