
The Path Towards European Integration: the Challenge of Globalization

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Summary: Following the responses to other challenges, the process of European integration has in the 21st century one main challenge with globalisation: with competition increasingly coming from previously less developed countries. The Strategy Europe 2020 is in a great extent purposed to correspond to this challenge, as well as to two other “long-term challenges”: “pressure on resources” and “ageing population”. To correspond to these and other challenges, the Strategy establishes three priorities which “are mutually reinforcing”: “smart growth”, sustainable growth” and “inclusive growth”. In the first case, there is the purpose of “developing an economy based on knowledge and innovation”; in the second case, the purpose of “promoting a more efficient, greener and more competitive economy”; and in the third case the purpose of “fostering a high-employment economy delivering economic, social and territorial cohesion”. In a realistic way, differently from the Lisbon Strategy, there is concentration in a small number of feasible targets; and a higher commitment of the institutions, in particular of the Council, in the EU, and of all levels of intervention in each country. Finally, it is a Strategy strongly based on the markets. It is specially stressed that “a stronger, deeper, extended single market is vital for growth and job creation”. And a protectionist strategy is excluded, being recognized that “global growth will open up new opportunities for Europe’s exports and competitive access to vital markets”. Having of course in mind also other countries, we have a difficult challenge: in a world which Europe can not ignore or avoid, with a protectionist attitude, “closing” the borders; on the contrary, in a world in which it is possible to see new and enlarged opportunities.

Keywords: integration; globalization; long-run challenges; openness; strategies

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1. Introduction

The history of the first 55 years of the European Communities (now, the European Union) has into a great extent been a response to different challenges: political and economic challenges, of course responding as well to other challenges (social, cultural, etc.).

The first purpose, in the fifties, was to remove reasons for a new conflict. In the 20th century, after having been the origin of two World Wars, the European countries could not be the origin of a third world conflict.

The times were however not prepared to have closer political integration: the example of the failure of the purposed European Community of Defence was quite clear. The creation of economic Communities was therefore the way followed, being clear that with economic growth and approximation of the economies reasons for conflict are removed (it was particularly so with the first Community, the ECSC, putting together the use of two basic goods: coal and steel).

The result was quite a success. Nowadays, we can have localized conflicts, as was the case in the Balcans (not among the founding members of the EU!), but in no case an European war.

One second challenge, in particular with the adhesion of countries with lower general levels of development and with internal disequilibria, has been the challenge of cohesion. We have had good initiatives, but it must be acknowledged that much is still left to be done: not only because of the adhesion of not so developed countries, disequilibria are high also in previous members.

In the seventies there was another challenge, the challenge of “Eurosclerosis” and “Europessimism”. We can not forget that we had then a difficult time: when there were doubts even on the continuation of the process of European integration. It did coincide with the first oil crisis, causing worries mainly in the more industrialized countries. But it should be acknowledged that the difficulties to progress were connected with the institutional framework, mainly with the requirement of unanimity to take decisions.

One main step was therefore the Single European Act, introducing the possibility of majority voting in most of the decisions. In particular, this possibility was a prerequisite to have the approval of the acts required to have the “European Single Market” in 1993.

It was an ambitious agenda, fixed in the Chechini report (1988), estimating the gains obtained with the removal of physical, technical and tax barriers. And, despite the targets fixed having not been totally attained, it was estimated that there was an increase in the income of the Union between 1.1 and 1.3 percent, the creation of 300,000 to 900,000 new jobs, a reduction in the inflation rate between 1 and 1.5 percent and increased cohesion among the regions.

Following former “dreams” and steps, the purpose of instituting a single European currency was established by the Maastricht Treaty, fixing as well the steps to be taken (in this case following the analysis and the indications of the “Delors report” (1999), a report made by a commission chaired by President Jacques Delors).

With a single currency, it is possible: to avoid micro-economic costs (transaction costs, uncertainty costs and costs of information and calculation); to have macroeconomic gains, with lower prices (e.g. with lower interest rates) and less oscillations; to have less needs for reserves as basis of emission by the national central banks; and to give to Europe a more important role in the world.

We hope that the current crisis will be soon over, to have all the benefits of the euro.

2. Benefits for third countries

Particularly in the United States some authors were against the steps taken in Europe, thinking that they were harmful, e.g. for third countries.

When the initiative of the single market was taken, it was mentioned that we were forming a “fortress Europe”.

It is however not so. When we have an open space, the lorries being not forced to stop in the borders, we have a benefit both for European entrepreneurs and for non-European entrepreneurs who have business in Europe; and when we have harmonized norms, both European and non-European entrepreneurs (and citizens in general) are benefited, benefited exactly into the same extent by the opportunities and cost reductions of the whole of the European market.

On the single currency, the best known critics were the critics of Martin Feldstein (1997 and 1998), speaking about the lack of common problems and objectives among the different countries (e.g. with quite different levels of inflation or of unemployment): therefore on the risk of monetary conflicts (the risk of “trouble”, of “international conflict” or even of “war”, in the words of the author...).

The current crisis seems to give some reason to Feldstein. But the risk can also exist, being even greater, with national currencies, giving way to currency disputes, e.g. with currency devaluations. Nowadays we tend to forget previous difficulties

At the world level, it is good to have two or more important currencies. Feldstein was influenced by the previous world experience, for two centuries always only with one main currency: until the 20th century the British pound and more recently the US dollar.

But the experience shows exactly that with only one world currency the country of this currency can not follow a sensible policy, not much worried with the effects on the other countries. If there are more than one main currency the emitting countries must follow sensible policies, to avoid the risk of being penalised: the demand moving away from her currency to the competing currency or currencies.

This is a benefit even for the previously leading country, forced by the market to follow the right policies; with benefit also for her economy.

3. The present main challenge: the challenge of globalisation

The 21st century has new challenges, to which the European Union must give the right answers. In particular, we must have in mind a new map of the world, with globalisation and an increasing role of previously not so strong countries.

3.1

It is interesting to remember that in the 15th century countries of Asea, in particular China and India, were among the most developed countries of the world: with quite advanced cultural standards and strong and diversified economies¹: producing not only primary products, also manufacturing with the highest quality at the time (for example, ceramics and textile)

It was of course the knowledge of these circumstances and of the quality of these products (not only spices, and in no case raw-materials) which attracted the interest of the Europeans, purposed to reach India (in one second moment China) either by the east (as Vasco da Gama did) or by the west (as Cristóvão Colombo attempted, thinking that the American territory was territory of India...).

Beginning with the Portuguese navigators², followed by the navigators of other European countries, for five centuries Europe had a leading role, shared only in the 20th century. Before the 15th century connections between the continents were dangerous and expensive, therefore scarce. The improvement in

¹ Recent descriptions of this situation can be seen in Sen (2005) and Baru (2006), showing as well the interrelationship and the good neighbourhood that for centuries did exist between China and India.

² The contribution of Portugal for the openness of the world economy is well expressed in the titles (and in the contents) of three books: Charles Vindt, *Globalisation, from Vasco da Gama to Bill Gates* (1999), Martin Page, *The First Global Village. How Portugal Changed the World* (2002), and Rodrigues and Devezas, *Portugal. O Pioneiro da Globalização* (2007).

the connections by sea was therefore the point of departure for globalisation, giving to the Europeans the opportunity to reach all the other continents in much better conditions, with the creation, for the first time, of permanent economic flows at the world level. But it remains difficult to explain how we could keep supremacy all over the world for four centuries: on territories that were not only much more populated, they were also richer than Europe³.

3.2

In the 20th century there was already a different world, a bipolar or tri-polar world, with special relevance for the coming up of USA, both as a political and as an economic world power, since the beginning of the century.

In the political arena, mainly after the second world war there was a bipolar world, with the “cold war” between capitalism and communism: the capitalist “bloc” led by the United States and the communist “bloc” by the Soviet Union.

In the economic arena, disputing the world markets, we have had a tripolar world, with an overall supremacy of the “triade”: Europe, the United States and Japan.

3.3

In the 21st century we will however have a multi-polar world: in which the “triade” will remain, but in which, together with new members, we will have again China and India as world powers⁴ (see 6.2. below).

4. A clear approximation of the structures of the economies

The traditional pattern of international trade, in particular between countries of different degrees of development, was trade of different finished goods, all

³ Even having in mind the usual arguments of better technology, in particular in navigation, or better weapons: which of course could be imitated, without difficulty, by so advanced Asian countries.

We should remember that still in 1820 China had 28.7 percent of world GDP and India 13.4 percent (so, the two together 42.1 percent), when (in what were later on the territories of these countries) France had 5.5 percent, the United Kingdom 5.0, Japan 3.1, Germany 2.4, Spain 1.9 and the United States 1.8 percent (Maddison, 2006; see Dan, 2006, pp. 55–6).

⁴ Into a great extent as an effect of the opening the economies of these countries, with Deng Xiao Ping in China and with Manhoban Singh in India.

the chain of production being in the same country (or only raw materials being imported).

The approximation of the countries, with their development, an easier access to technological improvements, a general qualification of the people (indeed, with important differences between the countries) and of course also better transports and communications, led in the last decades to a new pattern of comparative advantage and trade.

Many less developed countries are no more specialized only in the exports of raw materials and primary products; in several cases they have also developed diversified manufacturing products (in several cases, they are leaving the “category” of less developed countries...).

With this evolution, we see an increasing number of countries exporting and importing products of the same sectors; leading to increased challenges to the previously more developed countries.

5. A foreseeable greater openness of the economies, despite difficulties in the WTO negotiations

Even with the acknowledgement of the better arguments in favour of free trade and of free economy, according to the theory and according to the experience⁵ we should always expect that in periods of difficulties protectionist temptations arise again.

It is interesting to see nowadays a clear change of attitude in the more developed countries relatively to free trade in manufacturing and in services. Traditionally they have been protectionist for agricultural products, three main examples being the countries of the “triade”: the European Union, with the Common Agricultural Policy, the United States, with enormous public subsidies (now – not during the Uruguai Round... – also contested by many less developed countries) and Japan, with extremely strong protectionist measures. Already in manufacturing and in the provision of services the industrialized countries were generally in favour of free trade.

A clear change of attitude can be noticed nowadays, e.g. with delocalisations to and outsourcing from less developed countries (see for example Belessiotis

⁵ In this sense were clearly the results of large and deep researches made by prestigious institutions already some years ago: by the OECD (with a synthesis in Little, Scitowski and Scott, 1970), by the National Bureau of Economic Research (USA), NBER (synthesis in Bhagwati, 1978, and Krueger, 1978) or by the World Bank (synthesis in Papagiorgiou, Choksi and Michaely, 1990). More recently, see for exemple Van den Berg and Lewer (2007).

et al., 2006, Porto, 2007 and Mouhoud, 2008). But both in Europe and in the United States the institutions and most of the economists remain defending free trade, of course together with the required measures for the restructuring of the sectors, the promotion of competitive sectors and compensations for the people, sectors and regions harmed with globalisation.

Anyway, it is clear that the movement of openness will go on, despite delays and difficulties in the negotiations of the World Trade Organization.

Of course, each country or bloc (the case of the EU, necessarily with a common position, being a customs union) will always try to have the highest gains and the lowest losses, even if these are only short run losses, in many cases trying to postpone the effects. But the overall gains of trade finally lead the countries to accept the negotiations.

In particular, with realism, nobody can expect that the other countries accept without retaliation our protectionist measures. Some protectionist defenders seem to have a “dream” of no reaction: their home countries would establish or increase barriers, while the others, “friendly”, would remain with full open borders...

This is something that Europe should have particularly in mind, having usually a surplus in the external accounts. For example, according to the most recent data (of 2013), the Euro area has a surplus in the balance of payments of 153.2 billion dollars (when the USA has a deficit of 475.0 billion dollars...).

Of course, a general retaliation of the other countries of the world would at the end have more costs than benefits for the Europeans.

It should finally be stressed that a revival of protectionism would perhaps be possible for commodities, with limitations (even prohibitions) in the borders of the countries. This is however a possibility not available for many services, in their immateriality, with new technologies of communication, without difficulties and very low costs of transmission: services being provided instantaneously in any point of the world.

6. The policies to be followed

Having well in mind the new challenges, a great effort is being made with the establishment of European strategies. One of them is already over, but it is worth considering it, specially to take some lessons, when we are in the way of approving and implementing a new strategy.

6.1. The Lisbon Strategy

For the beginning of the new century (and millenium), a strategy was aproved, during the Portuguese presidency, on the 24th March 2000, in the Lisbon Summit.

The initiative was into a great extent taken having in mind the loss of position of Europe relatively to the United States, in the rates of growth and employment, and in particular in the area of the so called “new economy” (based on technologies of information and communication).

As a target, it was stated that the European Union should be in 2010 “the world most competitve and dynamic knowledge based economy, being able to guarantee a durable economic growth, together with a quantitative and qualitative improvement in emplyment and greater social cohesion, respecting the environment”.

It was however very critical an evaluation made in 2004, by a commission chaired by a former Dutch Prime Minister, Wim Kok. The Kok report (2004) criticizes the number and the dispersion of objectives and instruments, trying to intervene in too many areas: “Lisbon is about everything and therefore nothing”.

Anyway, as Ardy (2007) has rightly stressed, the Lisbon Strategy has achieved to bring together previous policies “into a high-profile package which would demonstrate the Union’s determination to embrace a radical and comprehensive reform agenda to meet challenges posed by globalization, the e-revolution and the demographic shift in Europe’s population”; and it was a step forward, with the use of the procedure of the enhanced method of cooperation⁶

The Lisbon Strategy having given some contributions and having been an interesting experience (with positive and negative indications), it was clear that a new initiative should be taken.

6.2. The Strategy Europe 2020

A few years later, the challenges would not be much different. With special relevance, we have now the confirmation of the world role played by other countries, in particular by the BRIC’s, and we have a crises, to which a quick and effective answer must be given.

It is a crisis which is strongly harming previously rich countries, but not the new emerging countries: in particular with China and India having since three

⁶ Strengthened with the Lisbon Treaty, according to article 20 of the European Union Treaty (see for example Freire, 2012).

decades (nowadays, despite the crisis) and without any break a sustainable yearly growth over 7 or 8 percent. In some cases China had a two digit growth; even in 2013 China having a rate of growth of 8.9 percent and India of 6.5 percent.⁷

With their enormous internal market, with more than one third of the world population, China and India could compensate some reduction in the exports to the previously industrialized countries with an increased internal demand, made by hundreds millions of people.

With the increasing role of these and other countries⁸, it was in particular interesting to see whether the EU response would be a protectionist response.

It was therefore expected with curiosity the strategy to be defined: more concretely, by COM (2010) 2020, of the 3rd March 2010, with the title *Strategy for a smart, sustainable and inclusive growth*⁹.

a) The long-run challenges

In the words of COM (2010)2020, after acknowledging that “the world is moving fast”, “the EU must now take charge of its future”, with responses to the “long-term challenges”: “globalisation, pressure on resources, ageing population”.

With the 21st century a long time of Europe predominance all over the world is over. As mentioned before, in some periods, in the 20st century, it was a predominance shared with other powers (as mentioned, political and military we had a bi-polar world, with the predominance of the USA and of the Soviet Union).

It is however clear that we will have in the 21st century a new world, a multipolar world, in which economically Europe will go on having an important role, but in which, together with the “triade”, there will be other important powers (the BRIC’s and other emerging countries¹⁰).

⁷ Being the rates for the other two BRIC’s of 3.2 percent for Brazil and of 2.8 percent for Russia.

⁸ It is interesting to see the forecasts for the coming decades, until 2050 (Pricewaterhouse Coopers, 2011; see Monteiro, 2011, pp. 139): with India having an yearly growth of 8.1 percent, higher than the Chinese growth, of 5.9 percent (but being still higher the expected growth of Vietnam, of 8.8 percent). It is foreseen that Nigeria will have in this period the third highest rate of growth (after the Indian rate, which does come in the second place, the Chinese rate coming in the fourth place), with 7.9 percent (China being followed by Indonesia, with 5.8 percent, Turkey, with 5.1, and South Africa, with 5.9 percent). According to the same forecasts, in 2050 China will have the biggest GDP of the world (59,475 bn dollars, at PPP), followed by India (43,180), USA (37,876), Brazil (9,762), Japan (7,664) and Russia (7,559). Germany will come in the 9th position (5,707), followed immediately by UK (5,628) and France (5,344), Italy coming in the 15th position (3,798) and Spain in the 18th position (3,195). These five bigger EU economies will have then a GDP of 23,672 bn dollars.

⁹ With a larger analysis of this document can be seen Porto(2012a).

¹⁰ Remember the previous footnote, and on the foreseeable role of other emerging countries see for example Khanna (2009) and Spence (2011).

In what natural resources are concerned, we have had an interesting evolution. The Malthusian pessimism, on the overall sufficiency of the world resources, is over (despite the enormous increase of the world population in the 20th century): with the hope that the world population will be stabilized at around 9 to 10 billion inhabitants (of course, with special worries about the sufficiency of oil¹¹ and of other natural resources).

Now, we are mainly worried with the environmental effects of growth, if the required precautions are not taken: in CO2 emissions and also for example in forestry devastation.

Finally, there is a big problem with ageing population: for example in Europe, but increasingly also in other countries, as is the case of China.

In some cases, we have already a decrease in the overall number of inhabitants, in some rich countries avoided with the inflow of immigrants. And in general we have a high increase of aged people, with a high burden in the systems of social security, paid by a decreasing number of employed people.

b) Priorities

It is having in mind the worries just mentioned that the Strategy Europe 2020 establishes three “mutually reinforcing” priorities: smart growth, sustainable growth and inclusive growth.

In the first case there is the purpose of “developing an economy based on knowledge and innovation” (the comparative advantage of Europe can not be in other factors, as geographic localization or the price of capital, not to speak about the cost of labour...).

In the second case, there is the purpose of “promoting a more resource efficient, greener and more competitive economy”; of course, with an increasing attention given to the environmental conditions.

In the third case, there is the purpose of “fostering a high-employment economy delivering economic, social and territorial cohesion” (the “inclusion” of the citizens is both an opportunity for them to rightly fulfil their personal “dreams” and of having a fuller use of all the resources of the countries and of the regions).

c) Are there reasons for a realistic hope?

In another section, with the title “Europe can succeed” (pp. 7), “many strengths of Europe are mentioned. These are strengths mentioned also in the Preface, written by the President of the Commission, José Manuel Durão Barroso). It

¹¹ On this specific topic see for example Kunstler (2006), Rodrigues (2006), Gomes and Alves (2007) Leeb (2008), Velho (2011) or Heinberg (2011, chapters 3 and 4).

is the case of “a talented workforce”, “a powerful technological and industrial base”, of “an internal market and a single currency that have successfully helped us resist the worst” and “a tried and tested social market economy”¹².

But even with the acknowledgement of these potentialities, can we be sure about the accomplishment of the purposes stated? Should we not fear something similar to what happened with the Lisbon Strategy?

Benefiting with the experience of The Lisbon Strategy, three ways were established:

1. One first way is the concentration of attentions and means, avoiding the temptation of trying to intervene in all areas.

It is a concentration which has support in the principle of subsidiarity, according to which should go the European Union level only what can not be better made at a level closer to the citizens: by the countries or even by the regions, the local authorities or other participants in the society, with their initiatives.

But nowadays also the short dimension of the EU budget leads us to the need of an increasing effort from the countries

2. One second way is a stronger institutional commitment, including, in a realistic way, the compromise of the countries, through the European Council.

In the words of COM (2010) 2020 (pp. 4), “the European Council will have full ownership and be the focal point of the new strategy. The Commission will monitor progress towards the targets, facilitate policy exchange and make the necessary proposals to steer action and advance the EU flagship initiatives. The European Parliament will be a driving force to mobilize citizens and act as co-legislator on key initiatives. This partnership approach should extend to EU Committees, to national parliaments and national, local and regional authorities, to social partners and to stakeholders and civil society so that everyone is involved in delivering on the vision”. And a greater concretization, for each institution (and other entities) of the European Union, as well on the participation of national, regional and local entities, is made in section 5.2, with the title “Who does what?”.

So, COM (2010) 2020 is quite clear, calling the attention to the responsibilities of each European and national entity, in a process in which main responsibilities are attributed to the countries, which can not avoid their responsibilities.

¹² The COM speaks also about “a thriving, high quality agricultural sector” and about “a strong maritime tradition”. It can however be asked why a high quality agriculture has been protected and whether in some cases – for example in Portugal – we are not corresponding to our maritime tradition.

ties. We can be in agreement or not, but in the European Union the countries remain with great powers. As stressed in the document (pp. 27), “contrary to the present situation where the European Council is the last element in the decision-making process of the strategy, the European Council should steer the strategy as it is the body which ensures the integration of policies and manages the interdependence between Member States and the EU.”

3. One third way is of course the use of the budget.

The EU budget is however a very small budget, which cannot be compared with a federal or confederal budget. And along the years it is not increasing, relatively to the GNP of the Union, on the contrary, along the years it is losing position. According to the more recent Council decision for the coming Financial Perspectives, for the period 2014–20, it will represent less than 1 percent of the EU GDP¹³.

The issue open is on the edequation of the budget to the requirements of the coming times. It is a budget which of course cannot be used to promote counter-cyclical policies or income redistribution in the European space. With its limitation, it has mainly the aim of contributing to a better use of the potentialities of the Union, with an allocation purpose. But even this purpose can only be more relevant with an additionality strategy, the European funds not covering the total of the expenditures promoted.

4. The reinforcement of the confidence in the markets (in the internal and in the external markets).

As mentioned before, with the present challenges, in particular with the challenge of globalization, we could fear from Europe a protectionist response.

Having in mind competition from countries not only with lower labour costs, also with important stocks of capital and improving technologies, this would be the way of preserving our firms and our jobs.

We could fear this strategy, notwithstanding the lessons of theory and of experience¹⁴.

However, this was not the view of COM (2010)2020, underlining in section 3, with the title “Missing Links and Bottlenecks”, that “the Commission intends to enhance key policies and instruments as the single market, the budget and the EU’s external economic agenda”.

¹³ It did represent between 1.24 percent and 1.27 percent in the “Delors time”...On the general role of the budget and on the Financial Perspectives for 2014–2020 see for example Porto (2012b and 2012c)

¹⁴ Remember footnote 6.

a) A single market for the 21st century

This is exactly the title of section 3 of the COM that we are analysing. And the initial words of this section could not be clearer, stating that “a stronger, deeper, extended single market is vital for growth and job creation”.

In this line, having well in mind the effects already obtained with the “1993 single market”, other steps are being given. It was the case, in 1997, of an initiative of the Commission, “The Action Plan for the Single Market”, in 2000 of the Lisbon Strategy and in 2010 of the Monti Report “A New Strategy for the Single Market” (2010); with President Barroso stating, in the letter through which this report was demanded, that “the single market is, and will go on being the ‘angular’ stone for European integration and sustainable growth”.

However, COM(2010) 2020 is well aware that much is still left to be done. In section 3, after the first sentence, quoted above, reference is made to the risk arisen from the present crises: “the crisis has added temptations of economic nationalism”. And having in mind this risk it is strongly underlined that “a new momentum – a genuine political commitment – is needed to re-launch the single market”.¹⁵

It must be so with the acknowledgement that “often, businesses and citizens still need to deal with 27 different legal systems for one of the same transaction. Whilst our companies are still confronted with the day-to-day reality of fragmentation and diverging rules, their competitors from China, the USA or Japan can draw from their large home markets”.

Are clearly in this line, acknowledging the need to maintain and even to reinforce the single market, not only the COM(2010)2020, also following documents of the Commission, strengthening the same: it was the case of the document “The Economic Impact of a European Digital Market”, of the 16.3.2010, and of COM(2010)608 final, of the 27. 10. 2010, “Towards a Single Market Act. For a highly competitive social market economy 50 proposals for improving our work, business and exchanges with one another”.

Special attention is given to the new opportunities offered with “the arrival of internet”, in particular to the need of being created “a services single market”, based on the “Services Directive”; being added that “the full implementation of the Services Directive could increase trade in commercial services by 45 % and foreign direct investment by 25 %, bringing an increase of between 0.5 % and 1.5 % increase in GDP”.

¹⁵ In particular, it is added that “such political commitment will require a combination of measures to fill the gaps in the single market”.

b) An external strategy

Section 3.3 of COM(2010)2020, with the title “Deploying our external policy instruments”, is quite clear on the response of the European Union to the challenge of globalization¹⁶.

We can remember again that world competition, mainly from the new emerging countries, could lead to the protectionist temptation.

It is however totally different the response of Strategy Europe 2020, seeing globalisation, not as a threat, but as a way of having larger opportunities.

The beginning of the section (pp. 21) is quite clear, stating that “global growth will open up new opportunities for Europe’s exporters and competitive access to vital imports”.

Already before it had been stated, after mentioning the pressure of emerging countries (pp. 6), that “every threat is also an opportunity”; and it had been remembered (pp. 12) that “the EU has prospered through trade, exporting round the world and importing inputs as well as finished goods. Faced with intense pressure on export markets and for a growing range of inputs we must improve our competitiveness vis-à-vis our main trading partners through higher productivity”.

Along this line, it is added in section 3.3 (pp. 21) that “all instruments of external economic policy need to be deployed to foster European growth through our participation in open and fair markets worldwide”.

This is an idea reinforced three lines later, with the statement that “an open Europe, operating within a rules-based international framework, is the best route to exploit the benefits of globalisation that will boost growth and employment”.

The text could not be clearer, seeing indeed globalisation much more than a threat, seeing it as an opportunity.

When very often we see in the growth of the emerging economies only risks, with bad consequences for our firms, destroying our jobs, COM(2010)2020 stresses (still pp. 21) that as “a part of the growth that Europe needs to generate over the next decade will need to come from the emerging economies as their middle classes develop and import goods and services in which the European Union has a comparative advantage. As the biggest trading bloc in the world, the EU prospers by being open to the world and paying close attention to what other developed economies are doing to anticipate or adapt to future trends”.

¹⁶ On the institutional steps given by the Lisbon Treaty on the external policy see for example Porto and Gojão-Henriques (2012); as well as the comments on articles 205 to 222 of the Treaty on the Functioning of the European Union in Porto and Anastácio, coord.(2012).

7. Conclusion

Nothing is said about avoiding the emerging markets. On the contrary, the need to participate in these markets is strongly stressed.

But the participation in world markets requires a clear definition and the fulfilment of the “rules of the game”. “Free trade” must be “fair trade”.

It must be so in particular with the participation in world organizations, with requirements on all areas (for example in the social and in the environmental areas) which can have implications on international trade. Again in the words of COM(2010)2020, action should be taken “within the WTO and bilaterally in order to secure better market access for EU business, including SMEs”; and attention must be given to “new areas such as climate and green growth”, in the WTO and in other (specialized) organizations.

With these requirements, we are defending our workers and our entrepreneurs from unfair competition from countries which do not follow the same rules; but we are also defending the citizens, in particular the workers, of those countries: favoured with better social and environmental conditions that their authorities are in this way forced to adopt.