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by Máximo Miccillini

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In the last five years, I have witnessed a sort of academic battle to find an original concept to define the European Union's influence on the international system. I remember some essays proposing different formulas such as normative, moral and transformative power, among others.

This proliferation of definitions took me to one of my favourite papers about the EU: "The Metrosexual Superpower"[1]. The author compared EU's soft power to football star David Beckam's redefinition of masculinity. "*By cleverly deploying both its hard power and its sensitive side, the European Union has become more effective – and more attractive – than the United States on the catwalk of diplomatic clout. Meet the New Europe: the world's first metrosexual superpower*", claimed Khanna.

Khanna's paper is a fantastic description of what European policy makers intended to create and project in the first five years of the new century. The problem is that he failed to address and explain the real source of EU external influence.

The reality is that the EU is not a regional power (with certain international influence) because of its binding EU laws or its attempts to export environmental standards abroad. The EU is not an influential actor on its both South-East backyards because it pursues a *moral crusade* to extend its stability and economic prosperity. Moreover, the EU will not consolidate its condition of regional power because of its capacity to share sovereignty and centralise national competences in Brussels.

The EU power roots are more tangible, visible and pragmatic. The EU is and will be for several decades a market-centred power. Its Single Market (with capitals) is the main driver and source of power in which several external EU policy instruments and initiatives are based on, to then exert its influence abroad.

Forget normative or environmental power notions

The EU is far from being a normative power. EU laws are rather the political and economic price that new candidate countries to the EU are ready to pay - by adjusting its national legal framework or making structural reforms- in order to get more benefits and incentives from the Brussels club. Some EU countries are still implementing reforms that promised to carry out before accession. In fact, we should start separating EU conditions and rules from real sources of appeal.

Internationally, this definition does not fit at all. Some analysts could argue that EU push for the creation of the International Penal Court should be considered as a significant step to bring more international justice, but this is still far from reshaping international power politics. The normative power was not able to push for the UN reform and change the configuration of the asymmetric representation of the Security Council. Even worse, Members of the EU are also split on which of

[1] Parag Khanna,"The Metrosexual Superpower : stylish European Union struts past the bumbling United States on the catwalk of diplomacy ", in: *Foreign Affairs*, July-August 2004. PP.1. Available at: http://www.paragkhanna.com/pdf/Parag%20Khanna_Metrosexual%20Superpower.pdf

them should have a seat there, so the normative power is paradoxically limiting a more democratic and representative international system.

The EU cannot be considered as an environmental power either. One of the clearest examples is EU's failure to present a common and coherent position in Copenhagen Climate Change summit last year. The EU was absent and national governments were acting separately. The EU could not even pretend to be the usual go-alone global policy maker and its 30% GHG reduction offer was rather a desperate move than a realistic and well-calibrated political proposal. The problem is not the lack of influence externally but the constant internal fissures which emerge when solidarity is put on the European negotiation table. Fragmentation of the Single Market largely contributes to national splits. The long and thorny adoption of the climate-energy package showed that reduction of CO2 emissions and biodiversity policy divide even more EU governments among national lines.

The political dimension of the Single Market

Traditionally, the Single Market has been always linked to its economic dimension. Few people would deny its contribution as a powerful engine of growth, jobs creation and macroeconomic stability for the whole EU. More recently, policy makers and the Lisbon Treaty itself have timidly pushed beyond the *economic borders* of the Single Market influence by adding the social and environmental dimension of it. Although this trend sounds logical, it remains incomplete.

The Single Market has heavily contributed to the emergence of the EU as a political regional actor. The inception and health of the Single Market is and will be an indispensable condition for the EU to negotiate with its neighbours and exert its political influence. Furthermore, the Single Market has served as the basis to deploy external political tools which are shaping the EU neighbourhood.

The successful EU Enlargement policy is a clear indication of that. All the candidates' countries share this strong appeal towards the EU. Even those countries that are not (yet) official candidates, (i.e Ukraine or some Balkans countries), they have put forward reforms to be closer to the EU *modus operandi*. The appeal is strong because citizens and companies are the first actors to perceive the substantial advantages of having an enormous single market that facilitates commercial transactions, free circulation of people and the respect of market economy rights. Such process is accompany by the fantastic record the EU Single Market has shown when stabilising Western Europe and extending its market power towards East, right after the end of the Cold War.

The Single Market has also provided a good basis to implement other external policy initiatives in the region. The Eastern Neighbourhood Policy and the Euro Mediterranean Partnership would have been empty boxes without having a relatively functioning Single Market behind. Trade and investments are essential elements for third countries that are part of these initiatives and therefore the Single Market represents an enormous possibility for such economies.

Furthermore, the Single Market represents also the biggest –and sometimes unique– incentive for strategic partnership or bloc-to-bloc negotiations. Human Rights clauses, the compliance with certain International Conventions and environmental standards are concession that several countries – far from the EU accession and its geographic location – are ready to concede in order to have trade concessions from Brussels. EU-Mercosur talks and the implementation of Generalised System of Preference (GSP+) are good examples of that.

All this market-root power is however threatened by the corrosive fragmentation of EU markets which is affecting the EU political power and therefore its influence abroad.

Fragmentation

Several months before concluding his mandate as European Commissioner for Enterprise, Gunther Verheugen, celebrated the adoption of the Mutual Recognition Regulation as the very last step to finalise the Single European market integration. Launched in the mid-eighties by Jacques Delors, the ambitious and long process was finally completed. Like a tale for kids, all kinds of intra EU-trade barriers would be gradually eliminated and Europeans citizens and companies would finally enjoy an effective, transparent and competitive market.

The reality presents however a different landscape. Europe is sick of fragmented markets (i.e. energy and telecoms), suffers from an increasing temptation to protect national champions and lacks of political will to comply with its *acquis communautaire*. Furthermore, the master plan (Lisbon Agenda) to make of the EU the most competitive and innovative economy in the world in 2010, has shown that Europe cannot deliver decent growth and innovation rates without making progress on the completion of the Single Market. Assuming that voluntary targets tools and patchy national economic integration would have paved the way to deliver growth and innovation, the Lisbon Strategy took for granted that the sectoral integration of the Single Market would continue in *automatic pilot mode*.

The best example that shows the limitations of the EU external action resulting from the lack of market integration is the EU gas market. The EU gas market liberalisation is just an old promise. The interruption of gas supplies from Russia in 2009 obliged the European Commission to launch a new legislative framework to make sure that solidarity and gas flows will secure energy of supply to all the EU Member States. The problem however is not regulatory but rather market-based. The European Commission does not have a single voice to speak with Russians, Algerians and other external suppliers simply because European utilities are deploying business plans to satisfy regional oligopoly markets that follow the logic of EU fragmented markets. In this equation, national governments are supportive of national companies that ensure security of supplies for their own markets even if such policy undermines the influence of the EU *vis-a-vis* other actors. The direct consequence is that EU policy makers represent fragmented interests and found themselves competing with bilateral and politicized national agendas. The result is predictable: the EU has become an ineffective coordinator of EU energy external policies and its influence as a bloc has simply disappeared.

Another example is the European carbon market known as Emission Trading Scheme (ETS). The low price of carbon and the necessary adjustments for its third phase have been great obstacles to sell this project abroad. Again, the EU success to export this system will depend on the transparency and well functioning market of carbon trading as of 2013. For instance, different auctioning systems could undermine the credibility of the system and diminish the attraction towards it. For Commissioner of Climate Action, Connie Hedegaard, is critical to set clear rules to build an effective internal carbon market which will then creates the political support to have a strong European position at regional and international level. The key is again on the Single Market.

Monti's report: a good starting point

The good news is that the financial crisis seemed to wake up some –not all– policy makers. The second mandate of President of the European Commission, Jose Manuel Barroso, intends to re-launch the Single Market to maximise the economic potential of the Union. The starting point is promising thanks to a serious report written by former Italian Commissioner, Mario Monti on how to re-launch the Single Market. This document reveals three political misperceptions made by EU policy makers and national governments in the last five years:

1. The Single Market is a static process and almost completed;
2. Institutional and treaty reforms, enlargement and the implementation of the euro are policy issues that would automatically boost the Single Market integration;
3. Internal and external processes such as the technological revolution, the growing importance of services in the EU economy and the economic diversity linked to the enlargement would be easily absorbed by the Single Market foundations set in the beginning of the nineties.

Monti is perfectly right when stating: "*No systematic review of policies for the Single Market, in the light of these changes, has yet been undertaken*"[2]. Moreover, the EU needs to address such challenges not only to preserve economic prosperity and welfare among Europeans, but also to maintain and boost the EU political influence abroad.

Against this background, my receipt is simple and consists of five essential ingredients:

1. The EU Single Market deserves a specific plan. The Single Market Plan shall prioritise the most sensitive and sectoral sectors to be re-launched and avoid a "catch all" mega plans that may be ambitious but ineffective.
2. The Plan should be elaborated by several Directorate General of the European Commission (DG Internal Market, DG Trade, DG Competition and the emerging External Services) in collaboration with national ministries and Members of the European Parliament. It is time to cover all the areas that the Single Market could affect;
3. The full implementation of a Digital Single Market, the development of massive infrastructure for energy and telecoms and the integration of EU services (i.e financial services) should be considered as capital to expand the potential of the EU. Those markets have being suffering from a real liberalisation and consumers are the first to be harmed;
4. A real Pan-European campaign to explain the benefits of a Single Market Plan is necessary. National and regional governments are the key interlocutors and communicators that have to work in order to get the message through;
5. The Single Market Plan should identify and assess the impact on external relations. A serious study about the political implications of a renewed Single Market is axial to restore the EU political influence abroad.

[2] Mario Monti: "A new strategy for the Single Market", 9 May 2010. Available at: http://ec.europa.eu/bepa/pdf/monti_report_final_10_05_2010_en.pdf

In conclusion, today's Single Market is losing momentum among consumers and economic operators due to its old shape and unfashionable look. The EU is desperately looking for re-launching this complex process and move a political gear up. However, it would not be wise to deploy new political impetus and economic efforts to strengthen the Single Market, while ignoring the substantial political influence that this market may have for the EU at the international stage.

Put simply, if a metrosexual power wants to emerge, the real muscles – or the EU Single Market – should consider paying its monthly rate to come back to the gym for a long while.

Máximo Miccinilli is consultant in Brussels.

Email: maximo.miccinilli@gmail.com