



**European
Movement**
International

Future of Europe
Globalisation:
towards greater
transparency and
inclusiveness



The past decade has seen a rise of populist and extreme parties, which has been combined with the victory of Trump and the UK's decision to leave the European Union. EU leaders were able to calm their nerves following the subsequent elections in Austria, France and the Netherlands, where none of the populist parties came first. Nevertheless, judging from the significant increase in votes for populist, anti-EU parties, we must conclude that the EU is not out of the woods.

With rhetoric around globalisation becoming more critical and European voters growing wary of real or perceived negative effects of globalisation, the EU institutions are paying more attention to the subject¹.

The European Movement supports the idea that the EU strategy to shape globalisation should be sustainable and innovative and preserve the different European ways of living. We agree with the overall argument of the European Commission's reflection paper on globalisation, which states that protectionism is not the answer to the challenges we are currently facing. We welcome the reflection paper and its recognition of the fact that more must be done to improve skills and education, ensure fairer public procurement, have more transparency during trade agreements and better social security provisions.

1. Bertelsmann Stiftung, 2016. Globalisation fears weigh heavily on European voters. <https://www.bertelsmann-stiftung.de/en/topics/aktuelle-meldungen/2016/november/globalisation-fears-weigh-heavily-on-european-voters>

Furthermore, we believe that the EU should recognise its responsibility as a global actor and focus not only on securing the needs of its own citizens, but also on fighting the exploitation of the citizens of the Global South. We also welcome the mention of the need to closely work with civil society and social partners to improve social and labour standards.

The European Commission's reflection paper divides the necessary efforts to evenly distribute the benefits of globalisation into two categories: external and internal response. The external response focuses on economic diplomacy, international cooperation and tools to ensure a level playing field. The internal response concentrates on measures to build a resilient society in which the benefits of globalisation are shared while promoting long-term competitiveness. We encourage the European Commission to pay special attention to the following areas.

External response

Free trade agreements: Civil society involvement and transparency

When negotiating free trade agree-



ments, the European Commission has already made some steps towards a more transparent process where citizens are more involved through open consultations. We support these initiatives and encourage further measures that would increase citizens' involvement. More detailed information about the content of the free trade agreements need to be available to the general public. The Commission should regularly issue lists of stakeholder meetings as well as overviews of negotiations documents and who has been granted access to them.

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We also welcome the European Parliament's role as watchdog during the free trade agreement negotiations and believe that it should continue with the responsibility of raising citizens' concerns and incorporating relevant amendments.

Furthermore, in light of the great public concerns about the Investor to State Dispute Settlements (ISDS), the establishment of the multilateral investment court to settle investments disputes is a step in the right direction.

Sustainability

Sustainability and innovation are key concepts that create the right environment for thriving lives and encourage entrepreneurial efforts. The EU should therefore follow the logics of sustainability in any legislative measure and ensure that its social, cultural, consumer and ecologic regulations are maintained during free trade agreement negotiations. As stated in the reflection paper, the 2030 agenda for sustainable development and the Paris Agreement to combat climate change are very important steps in the right direction.

Clearer implementation process

The reflection paper states that strong enforcement of EU rules in the areas of trade, labour standards, environmental protection and climate will ensure that companies that break them are effectively sanctioned. Nevertheless, the details of the implementation process of the sanctions are missing. There needs to be more clarity as to how the European Commission intends to achieve this goal. In order to hold companies accountable and help guarantee tax justice, we support the proposed directive on Country-by-Country Reporting, while emphasising that it should include public transparency and avoid any loopholes for multinationals to withhold relevant information.

Internal response

Regulation of new forms of employment

The reflection paper mentions the need to improve social and labour standards through the European Pillar of Social Rights. Although one can assume that it also takes into consideration atypical and precarious forms of employment we want to explicitly mention them. The increasingly digitalised labour market has multiplied the number of precarious contracts, many of which remain unregulated. The EU should work towards regulating these contracts and ensuring that the employers' rights and working conditions are respected. Special attention should be paid to new precarious jobs targeted at young people.

The importance of SMEs

It is vital to make trade more inclusive if we want globalisation to become a phenomenon that benefits everyone. One of the actions to achieve this goal would be to support SMEs². The annual report on European SMEs confirms the crucial function of these enterprises in the EU's economy; In 2015, around 23 million SMEs employed 90 million people and gener-

2. Euractiv, 2017. SMEs are key to inclusive trade, say global experts. <http://www.euractiv.com/section/economy-jobs/news/smes-are-key-to-inclusive-trade-say-global-experts>



ated €3.9 trillion in value added³. The Commission partly reflects this by stating the need for better regulation to support entrepreneurs and SMEs, although it does not specify how. One of the efforts that the EU can make in this regard is ensuring that norms are not duplicated or made more complex than they have to be.

The role of local and regional governments

An active role must be ensured for local and regional governments to help find solutions to the problems that EU citizens face. By involving and consulting with them the EU would find solutions that could better match the challenges confronting EU citizens. Without suggesting concrete proposals, the reflection paper discusses the need to link companies, universities, local governments, investors and start-ups in a more effective way. An initiative that could help connect all of these actors is the creation of an online portal. The platform could be di-

3. European Commission, 2016. Annual report on European SMEs 2015/2016, SME recovery continues.

vided by issue and could be used as a source of inspiration where local and regional governments connect and share best practices.

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More resources

Although the Globalisation Adjustment Fund is an important step forward, we believe that it is not enough to ensure that the benefits of globalisation reach the whole of society. Instead of a case-by-case compensation, EU resources should be directed to structural internal and external responses that meet the demands of a globalised and digitalised world. Integrating the aim of a resilient society, in which the benefits of globalisation are shared, should be one of the core policy priorities in the discussions on the new post-2020 Multiannual Financial Framework.

Conclusion

The European Movement welcomes the European Commission's reflection paper on harnessing globalisation and agrees that protectionism cannot be the solution to the challenges we are facing. The EU should be open to new free trade agreements while ensuring that the negotiation process remains transparent and inclusive, and that the outcome is sustainable. Many of the initiatives put forward in the document lack implementation details, such as specific measures to sanction companies that do not respect EU rules. Lastly, the role of local and regional governments, as well as that of SMEs should not be taken for granted when trying to find solutions to the issues that arise from a rapidly changing world.

The European Movement

seeks to provide a platform to encourage and facilitate the active participation of citizens and stakeholders in the development of European solutions to our common challenges. We offer thought leadership on the issues that affect Europe and we give the opportunity to representatives from European associations, political parties, enterprises, trade unions, NGOs and other stakeholders, through our 39 National Councils and 34 International Associations, to work together, towards improving the way that Europe works.

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