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EU trade policy reaction to the BIC: from accommodation to entrenchment

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**In *EU Policy Responses to a Shifting Multilateral System*,
Barbé, E., Costa, O. and Kissack, R. Palgrave, 2016**

CHANGE

Rupture in the structure of international trade: **2003 WTO Cancun Summit**

Before Cancun: Hegemonic structure –

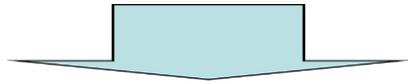
 balance between ideas, institutions and the distribution of power among states.

After Cancun: Normative

 **congruence structure** – Shift in the distribution of power – new Quad

EU REACTION

Accommodation

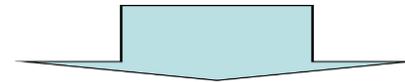


- decision-making adaptation in the DDR
- negotiation concessions in DDR
- FTA with emerging countries

2004-2008

2009-today

Entrenchment



- lack of negotiation concessions in DDR
- FTA with Old Quad members

INTERPRETATION

Entrenchment as EU's second-best.

Assumption: the EU wants a multilateral agreement

EU recent bilateral negotiations and agreements should be seen at worst as complementary to multilateral negotiations at the Doha Round and at best as promoters.

Accommodation helps multilateralism

- > Bilateral agreements with emerging powers cannot become substitutes to a multilateral agreement (do not include larger markets or deep WTO+ or WTO-X issues)
- > Efforts in CAP reform (2003 and 2008) would have not been made otherwise

Entrenchment endangers multilateralism

The “exit tactic”



If we do not reach a multilateral agreement
we are going to create an alternative
system



Emerging countries will lower their
expectations and facilitate a multilateral
agreement

Entrenchment endangers multilateralism

It may not work.

- > Emerging countries may not be prepared to accept the multilateral agreement even in these circumstances (coalition rigidities and FTA race)
- > Bilateral agreements with Old Quad partners can become substitutes to a multilateral accord (better best alternative)
especially if one takes into account WTO-X issues

Conclusion

BIC emergence as veto players has led to a CHANGE in the international structure of trade: from hegemonic to normative congruence

EU REACTION has evolved over time: from accommodation to entrenchment

INTERPRETATION: entrenchment is EU's second-best option if effective multilateralism continues to be its *leitmotiv* in trade.

Conclusion

Nairobi 2015 gives support to this interpretation