

## THE EUROPEAN UNION AS A CIVILIAN POWER: THE CASE OF THE EU'S TRADE POLICY

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### *Abstract*

*This study addresses what characterises the EU's role as an international actor by drawing on 'civilian power Europe' role concept as a fruitful point of reference. It analyses the scope of the concept from a broad point of view including the other characteristics of a civilian power instead of a narrow focus on the civilian versus military debate with a special empirical reference to the EU's trade policy as Europe's most long-standing and most powerful external policy realm. The study argues that EU's trade policy mostly reflects 'civilian power' character of the EU. This is not only because it concerns one of the most obvious examples of non-military means of power and is mainly oriented towards persuasive measures (carrots) rather than coercive ones but also it aims at achieving normative objectives so as to shape the international environment. Instead of following first and foremost geopolitical interests, the EU binds itself to international norms and promotes values it believes in through its engagement in bilateral and multilateral settings. Therefore, the study concludes that the EU is a 'civilian power' not only because of its emphasis on non-military instruments and persuasive measures in international affairs, but also due to its civilising impacts (by pursuing the spread of particular norms) on the environment beyond its borders.*

**Keywords:** Civilian Power, Civilian Power Europe, EU, Trade Policy, EU's trade policy.

## SİVİL BİR GÜÇ OLARAK AVRUPA BİRLİĞİ: AB TİCARET POLİTİKASI ÖRNEĞİ

### *Özet*

*Bu çalışma 'sivil güç Avrupa' rol kavramını referans noktası olarak, AB'nin bir aktör olarak uluslararası alandaki rolünü neyin karakterize ettiğini incelemektedir. Sivil güç Avrupa kavramını geniş bir yaklaşımla, yani sadece 'sivile karşı askeri' tartışmasına odaklanmak yerine sivil güç olmanın diğer özelliklerini de içeren bir*

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*yaklaşım la analiz etmektedir. Bu analizi yaparken de AB'nin en eski ve en güçlü dış politika alanlarından olan ticaret politikasını vaka analizi olarak ele almaktadır. Çalışma AB dış ticaret politikasının onun 'sivil güç' karakterini ağırlıkla yansıttığını iddia etmektedir. Bu durum, ticaret politikasının sadece askeri olmayan güç aracı örneklerinden biri olduğu ve zorlayıcı önlemlerden (sopa) ziyade ikna edici önlemleri (havuç) aldığı için değil, aynı zamanda uluslararası camiayı şekillendirmek üzere normatif hedefler güttüğü için de söz konusudur. Uluslararası alanda jeopolitik çıkarlar izlemek yerine AB kendisini iki taraflı ve çok taraflı anlaşmalar vasıtasıyla uluslararası normlar ile bağlayıp, inandığı değerleri desteklemektedir. Dolayısıyla bu çalışma, uluslararası meselelerde sadece askeri olmayan araçlara ve ikna edici önlemlere başvurduğu için değil, belli bazı normların yayılmasını hedeflemesinden dolayı sivilleştirici etkileri sebebiyle de AB'nin sivil bir güç olduğu sonucuna varmaktadır.*

**Anahtar Kelimeler:** *Sivil Güç, Sivil Güç Avrupa, Avrupa Birliği, Ticaret Politikası, AB'nin Ticaret Politikası*

## Introduction

Today one of the most questioned issues is the EU's role in an increasingly globalised world. This study addresses what characterises the EU's role as an important international actor by drawing on 'civilian power Europe' role concept. It is assumed that this role concept, as an analytical instrument, could make a valuable contribution to the analysis of the international influence of the EU, which is different from the major international actor: the state. Therefore, in this study, the concept is used to describe the considerable international influence the EU has had without a military power of its own and with normative objectives pursued to shape the international environment. In other words, the study analyses the scope of the concept from a broad point of view including the other characteristics of a civilian power instead of a narrow focus on the *civilian versus military* debate.

Empirical examination of the Union's trade policy is regarded as crucial to analyse whether and to what extent the EU is a civilian power since this policy represent the most established and the most potent external policy realm in the EU. In other words, the EU's global presence is most tangible and unified in trade matters. Civilian power Europe role concept itself draws one's attention to EU's comparative advantage in the low politics dimensions of external relations. Although civilian power concept is often referred to in relation to trade relations, it is rarely elaborated on and applied to the trade domain. Therefore, the study aims at contributing to the EU role literature by researching on its international activities under trade policy. Trade, like the area of diplomacy, constitutes a non-military means of power and, therefore, the European policy regulating trade relations with

the rest of the world corresponds, by definition, to the civilian power role of the EU. However, in view of the fact that the *civilian (means) versus military (means)* debate provides only one aspect of the analysis of the ‘civilian power Europe’ concept, the EU’s trade policy is also examined regarding the way that it is conducted and, with a special emphasis, whether it plays a role in the achievement of normative objectives.

In the first part of the study, after the ‘civilian power Europe’ role concept is examined in its theoretical and historical background, the main elements of being a ‘civilian power’ are analysed in the context of the *means* that an actor exercises, the *way* those means are exercised and the *ends* (objectives) that it follows. In the second part, the study makes an empirical analysis of the Europe’s role in the world from a civilian power perspective. The contribution of the EU’s trade policy to the explanation of its international role is analysed in the framework of civilian power role concept.

## **1. The Concept of ‘Civilian Power Europe’**

### **1. 1. Theoretical and Historical Context**

Considering its particular nature as something other than both a ‘state’ and an ‘international organisation’, which are referred to as the two major types of actors in international relations, it has become commonplace to assert that the EU is a *unique international actor*. (Write, 2001: 22-23)<sup>1</sup> As Richard Whitman (2002) states, new conceptual categorisations have been constructed as alternative to the approaches of the mainstream literature in International Relations in order to fit the *sui generis* nature of the EU and to explain its international role. They argue that the EU is and has a particular kind of power in global relations. The conceptual categorisation that has attracted the most widespread usage is the idea of ‘civilian power’ and this idea, since introduced by Duchene in 1970s, has been central idea in the political and academic debate on the international role and influence of the EU.

At the beginning of the 1970s Francois Duchene (1972, 1973) saw the EC as evolving into a significant international actor of a different type than the two superpowers and introduced the concept of ‘civilian power’ to characterise the EC’s unique position in the world. He urged the EC to become “an exemplar of a new stage in political civilisation. The European Community in particular would have a chance to demonstrate the influence which can be wielded by a large political co-operative formed to exert essentially civilian forms of power.” (1973: 19)

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<sup>1</sup> Ole Wæver (1998:105) also defines the EU as an emerging ‘neither-state-nor-international organisation polity’ – a ‘post-sovereign entity’. Similarly, Henrik Larsen (2002: 283) described the political system within EU as a ‘neo-medieval’ or ‘post-Westphalian’ order.

Duchene (1973: 19) emphasised *civilian forms of influence and action* for the EC and valued its direct physical power in the form of actual empirical capability which is *long on economic power and relatively short on armed force*. Therefore, Duchene came up with the concept of 'civilian power', with reference to the EC, to characterise an actor that can still exert influence on the other actors in international relations by wielding non-military tools like trade and diplomacy although it does not have military endowments. He argued that the EC could not develop into a full federal state with a common army and a common government, a "superpower in the making"<sup>2</sup>, or an unarmed (or armed) neutral power. He pointed out that a better option would be to promote world co-operation, based on trade and economics. Therefore, Duchene rejected any notion of European superiority, but argued that a united and 'civilian' Europe with civilian means and ends could, or would, play a stabilising role on the world affairs. In other words, the ongoing European integration process is an example of how collective action with non-military means and ends could have a stabilising influence over the world order.

Since the EC is a civilian group of countries long on economic power and relatively short on armed force, it has an interest in trying to *domesticate* relations between states, including those of its own members and those with third countries. Therefore, as Whitman (1998:11) states, "Duchene's conception of a civilian power Europe rested upon the inconceivability of a nuclear armed European federation and the banishment of war from Western Europe." Duchene envisaged the EC as a model of reconciliation and peace not just for the territory of its own but also for other regions in the world. Although he expected the members of the EC to maintain their defensive positions, he maintained that the EC could become the first major area of the old world where war could be transformed.

The dominant international environment and some internal developments led Duchene to introduce the concept 'civilian power' in order to explain the EC's role in the world: Until the 1960s, European integration was primarily an internal economic story. Because of the absence of a foreign policy dimension and the Cold War conditions, the study of the EC's role in the world remained silent. However, after the completion of the customs union as a crucial stage in the integration process, the question of the EC's role in the world came more prominently to the surface. Simultaneously, extra-European factors like the increasing economic interdependence<sup>3</sup>, the decreasing US hegemonic power with evolving European integration and -in political terms- the *détente* (end of Cold War) stimulated the

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<sup>2</sup> See Johan Galtung (1973).

<sup>3</sup> According to Duchene, the world was experiencing a "see-change in the sources of power" from military sources of power to non-military sources of power. In other words, in an interdependent world civilian means of power -instead of military means of power- are gaining importance.

introduction of the 'civilian power Europe' role concept. Such a vision of international relations led to more concentration on 'low politics' and on non-state actors like the EC. (Orbie, 2004: 4-5)

During the 1980s, on the contrary, 'high politics' gained more importance -due to some factors like the emergence of the second Cold War and eurosclerosis- and realist conceptions of Europe's role in the world scene prevailed, while the civilian power role concept was criticised severely as irrelevant. With the influence of the 1980s international atmosphere civilian power role concept and absence of military power led to criticism mainly from realists. (Orbie, 2008: 7-8) The most trenchant criticism of the notion of civilian power Europe was provided by Hedley Bull (1982) who labeled the concept "a contradiction in terms". Bull argued that the existence of special international circumstances of lessened tension between the superpowers in the early 1970s had led to the mistaken view that military force no longer mattered. Bull unambiguously criticised that "... the power or influence exerted by the European Community and other such civilian actors was conditional upon a strategic environment provided by the military power of states, which they did not control" (1982: 151). Therefore, according to Bull, civilian power Europe owed to the military protection of the US over which the EC had no power.

Bull (1982: 163) argued that Europe (that is, the nation states of Western Europe) is not an international actor and does not seem likely to become one without a military capability. He urged for an autonomous European defense based on European interests and values. Just like De Gaulle, he wanted Europe to be a third power on par with the US and the Soviet Union. In other words, Bull argued that it may be fine to be an economic giant but that nonetheless an autonomous European military capacity (*Europe puissance*) is crucial, and this argument was generally approved. His critique was accepted without question and set the tone for a realist 'security paradigm' (Tsakaloyannis, 1989: 245).

However, as Jan Orbie (2008: 8) stated, after the above-mentioned criticism during the 1980s on Duchene's concept, there is a revived interest in such a conceptualisation of Europe's international role since the end of the 1990s although the focus shifted from civilian means to normative ends. Members of the European Commission and the Member States have been making reference to the concept of civilian power Europe in their pronouncements in recent years. This is especially striking in Prodi's call for the EU to become a 'global civil power'. (Prodi, 2000) As he pronounced at the start of his presidency, the status of the EU as a global civilian power is one which is still central to a discussion of its role in international relations.

The reason of this revived interest may be looked for behind the similar characteristics of the past decade (completion of the European Monetary Union,

increasing economic globalisation, the end of the Cold War and debate on relative decline of US power) with the above-mentioned historical context of Duchene's writing. After a successful completion of such an economic integration project, the question of EU's international role was revisited and, additionally, such an international environment pays more attention to low politics as in the case of Duchene's period of introduction of civilian power Europe concept.

In addition to the combination of these factors, the revival of 'civilian power debate' in the 1990s can also be explained by the evolution in foreign policy analysis regarding the role of ideas. Goldstein and Keohane (1995), whose book had an important role in this evolution, criticised the dominance of rationalistic theories (or interest-based realist theories) and advocate a revaluation of the role of ideas in international relations.

In defining Europe's role in the world with such a conceptualisation (as civilian), there are some analysts who prefer to name the EU as for example 'normative' (Manners, 2002), 'structural' (Whitman, 2002), or 'narrative' power (Nicolaidis and Howse, 2003) rather than 'civilian' power. These academics within 'civilian power Europe' literature are divided among themselves on some points and do not consider themselves as 'successors' of Duchene. There are also analysts who criticise naming the EU as any kind of power. For example, Cebeci (2012) claims that those role concepts used to identify the EU construct an ideal power Europe meta-narrative which should be deconstructed. Their different approaches and criticisms directed at this conception do not denounce it as a whole since they build on it, but rather try to revise/reinterpret it. The focus mainly shifted from civilian means to normative ends.

## **1. 2. Main Elements of Being a Civilian Power (Europe)**

The 'civilian power Europe' role concept has multiple meanings since there is no consensus on an appropriate definition among recently increasing studies. There are different interpretations among the various authors and it is hard to speak of one civilian power Europe school of paradigm. This situation leads the role concept to have much vagueness and flexibility and makes it one of the most contentious concepts resorted to in an endeavour to explain the EU's role in the world. Therefore, before examining the civilian power Europe from the perspective of the trade policy of the EC or *vice versa*, it is crucial to elaborate what makes a civilian power 'civilian power' -in other words, the main elements that constitute a civilian power Europe- through a study of the literature on 'civilian power'.

A civilian power is usually considered in terms of military versus non-military *means* of power. However, such a narrow approach, as Karen Smith (2005: 1) argues, defines *exercising* civilian power not *being* a civilian power. *Being* a civilian power should be defined to entail not just the *means* that an actor wields,

but also the *way* those means are wielded and, more importantly, the *ends* (objectives) that it follows. In this study these three elements -especially by emphasising the importance of the role of the ends- are examined as the main constituents of being a civilian power.

### **1. 2. 1. Means of Power: Military versus Civilian (Non-Military) Means of Power**

With civilian power the emphasis, by its nature, shifts towards non-military means of power and *low politics*. These include the role of diplomacy and co-operation as well as trade, environmental and development policy in foreign policy. In the case of the EU, the typical examples include the wide-ranging enlargement process, new neighbourhood policy, preferential trade agreements with third countries (European network of preferential trade agreements and Lome/Cotonou agreements), Generalised System of Preferences (GSP) regime, political pressure in public statements and on international conferences, developmental aid to third countries and regional groupings, the launching and support of regimes to deal with international problems (like Kyoto Protocol and International Criminal Court), assistance with and observation of elections in third countries, etc.

Although the influence of civilian means of power is less noticeable and undervalued in the realist school<sup>4</sup>, non-military means of power may be regarded as important in international relations especially in the times of increasing interdependence and globalisation. Steven Everts (2002) argued that civilian means of power may produce more sustainable solutions by making reference to the problems of ‘overmilitarisation’ of American foreign policy in the Iraq crisis. Andrew Moravcsik (quoted in Whitman, 2002: 19) pointed to the EU’s international power in spite of its continuing relative military weakness against the US and the dominant pessimistic view on possible EU military power: “Europeans already wield effective power over peace and war as great as that of the United States, but they do so quietly, through ‘civilian power’. That does not lie in the deployment of battalions or bombers, but rather in the quiet promotion of democracy and development through trade, foreign aid and peacekeeping.”

Duchene suggested in the early 1970s that Europe represents a ‘civilian power’ which is “long on economic power and relatively short on armed force”. However, the hesitant development of a “defense identity” with the creation of a European Security and Defense Policy (ESDP) at the June 1999 Cologne European Council - in the framework of the Common Foreign and Security Policy (CFSP) - and within this context with a European Rapid Reaction Force (ERRF) has led to a debate on whether the foundations of civilian power hypothesis have become obsolete or not.

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<sup>4</sup> Finding by Stephan Keukeleire [cited in Orbie (2004: 9)].

For example, Whitman (2002: 4) argued that the development of a military security capability by the EU would appear to represent a change of conditions on which civilian power Europe was established and maintained.

The formal preparation for the Petersberg tasks of the ERRF might be seen as evidence of movement towards a military power Europe. Accordingly, some analysts suggest that European military integration rejects the (potential) European identity as a civilian power even if the emphasis remains on diplomatic and economic instruments. "... the stated intention of enhancing the EU's military resources carries a price: it sends a signal that military force is still useful and necessary, and that it should be used to further the EU's interests. It would close off the path of fully embracing civilian power." (Smith, 2000: 28)

However, some other scholars argued that the Petersberg tasks are still within the remit of a civilian power since the questions of defense and nuclear capability still remain the concern of NATO (Jorgensen, 1997). Additionally, within the civilian power literature a majority of analysts seem to assume that a civilian power Europe needs a degree of EU military integration.<sup>5</sup> The contribution made by Hanns Maull (1990/91) is crucial in this respect. He suggested that a civilian power might have military capabilities; however, it would leave its military force as a "residual instrument serving essentially to safeguard other means of international interaction" (1990/91: 92). His later study indicates that Germany can still be considered as a civilian power, even after participation in the Kosova War since it used force in order to safeguard solidarity and the promotion of human rights (Maull, 1999; Harnisch and Maull, 2001). In the same vein, Stelios Stavridis (2001) argues that military means may be necessary to defend civilian values: "thanks to the militarising of the Union, the latter might at long last be able to act as a real civilian power in the world, that is to say as a force for the external promotion of democratic principles" (43-44).

Similarly, Henrik Larsen (2002: 292) stated that the EU in the 1990s is presented as a unique power since it will be able to exert military means as an integrated part of a much broader range of political, economic and diplomatic means. He considered military means as embedded in a civilian power context. The

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<sup>5</sup> Even the Duchene's notion of civilian power is not simply a new version of pacifist utopianism. Although 'hard power' is not a desirable foreign policy instrument, Duchene, who is the father of the concept, considered more European integration concerning security and defence policy as a necessary evil to promote East-west cooperation (Hill, 1990: 42). Indeed, Duchene (1973: 17) states that "if the European Community is unable to play any role in defence co-operation between its member states, the latter will pursue their policies in East-West negotiations in ways that may easily ignore and even cut across the Community." Additionally, he mentioned about a civilian power which is 'relatively' short on armed force.

dominant discourse on civilian power Europe seems to propose that there is a need for the EU to transform from a civilian power 'by default' (making a virtue out of necessity) to one 'by design' and European military integration can ensure this. Although there is uncertainty and lack of consensus in the literature over where to draw the line between civilian and military means of power, it is obvious that a civilian power Europe can wield military means of power to a certain extent and, therefore, some degree of military integration may be necessary in order to achieve its objectives. This shift -dominant in the literature- towards a focus not so much on means but on the 'ends' for which those means are used, and 'civilising' (rather than 'power seeking') character of foreign policy is consistent with the emphasis of the study regarding the importance of normative objectives in being a civilian power.

### **1. 2. 2. Ways of Power: hard versus soft ways of power**

How an international actor exerts its means to try to achieve its ends is also important in being a civilian power. As Karen Smith (2005: 4) states, theoretically an international actor, which has only civilian instruments, may not use those instruments to sway other actors; civilian instruments can be used quiet coercively. So, which way is an international actor supposed to resort to in order to be named as 'civilian power'?

In this study, the ways of power are distinguished into 'hard' and 'soft' ways of power for the sake of simplicity<sup>6</sup> as inspired from the conceptual distinction made by Joseph Nye (2002). However, as different from Nye, soft power is considered to include not only the power of 'attraction' as the latent influence, but also 'persuasion' (the carrot); and hard power is regarded to comprise just 'coercion' (the stick).<sup>7</sup> In that sense, an international actor can coerce another actor to do something by threatening to impose or actually imposing penalty; or it can sway another actor's decisions by using persuasion and through the latent influence of attraction.

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<sup>6</sup> Christopher Hill (cited in Smith, 2005: 4) uses four broad categories of ways to exercise power and influence: on the one hand using force (stick) and deterrence (the threat of the use of force) to compel another actor to do something; on the other hand, using persuasion (the carrot) and deference (the latent influence) to sway another actor's decisions. Similarly, K. J. Holsti (cited in Smith, 2005: 3-4) put forward six ways in which an international actor can influence other international actors: using persuasion, offering rewards, granting rewards, threatening punishment, inflicting non-violent punishment, or using force.

<sup>7</sup> Nye's (2002: 8-14) conception of 'hard power' includes the use of both sticks and carrots, which implies 'coercion' and 'inducement'. He explicitly differentiates his conception of 'soft power', that is the power of attraction, from coercion or inducement, which he calls hard power.

Coercion involves threatening or inflicting punishment, as in the use of economic and diplomatic sanctions while persuasion entails co-operating with third countries by offering or granting rewards (for example, development aid, political dialogue, membership, market access) to try to induce desired internal or external policy changes. The power of attraction, as in the case of conception of 'soft power', implies the ability of 'getting others to want what you want'. "A country may obtain the outcomes it wants in world politics because other countries - admiring its values, emulating its example, aspiring to its level of prosperity and openness- want to follow it." (Nye, 2004: 5) This form of power means that an international actor can define the framework of the debate and is capable of influencing perceptions and expectations of other actors. The power of attraction is interrelated with the international actor's credibility and legitimacy.

According to Christopher Hill (1990: 42), 'civilian models' rely on persuasion and negotiation in dealing with third countries and international issues while power blocs exert coercion. In other words, civilian powers rely on soft power, on persuasion (carrots) and attraction, not on coercion (sticks). This emphasis on persuasion and attraction rather than coercion also characterises the civilian power Europe role concept. Smith (2003) states that the distinctiveness of an EU identity is much stronger in terms of the way the EU follows its objectives than in terms of these objectives themselves: the EU tends to rely on persuasion and attraction (soft power) rather than coercion (hard power). After it has been emphasised that a civilian power Europe preferably uses 'soft power' in the forms of persuasion (carrots) and attraction, the question raises what objectives this power is wielded for.

### **1. 2. 3. Civilian Power and Normative Ends**

According to Duchene (1972: 19-20), the EC in the 1970s had two main characteristics as a 'civilian power':

Being a civilian group long on economic power and relatively short on armed forces,

Being a force for the international diffusion of civilian and democratic standards.

The first element of his definition is descriptive and explicitly indicates the 'means' of a civilian power Europe while the second one is normative (or 'prescriptive' as many called) and defines its ends. Duchene warned of the need for the EEC to promote democratic and civilian standards both internally and externally in order not to become "more or less the victim of power politics run by powers stronger and more cohesive than itself" (1972: 20-21). He also stated that the EC should promote social values of equality, justice and tolerance that belong to its

inner characteristics in order to make the most of its opportunities. Therefore, ideas and normative objectives do play an important role in Duchene's analysis of civilian power Europe.

However, after Duchene, as Stavridis (2001: 44-45) pointed out, the normative dimension of civilian power (ends) has been neglected in the literature while the absence of military power (means), which is the descriptive dimension, has usually been emphasised. It was the descriptive aspect of the Duchene's model (absence of military power) that led to criticism, mainly from the realists like Hedley Bull. In the same vein, Thomas Diez (2005: 5) who argues that there is a similarity between the concept of 'civilian power' and the concept of 'normative power', states that the distinction between civilian and normative power in the literature seems to stem from a reductionist reading of civilian power, which focuses on civilian -and in practice often economic- *means* to exercise power and is therefore closer to the notion of a 'trading state'. Such a reductionist approach to civilian power is evident in Bull's famous critique of the concept and the normative aspect of the Duchene's analysis has also been generally ignored in the wider debate that followed Bull's attack on the concept of a civilian power.

In more recent works on civilian power, Hanns Maull (quoted in Diez, 2005: 4), who has made some of the most influential theoretical contributions to the development of this concept, defines a civilian power as a state "whose conception of its foreign policy role and behaviour is bound to particular *aims, values, principles*, as well as forms of influence and instruments of power in the name of a civilisation of international relations".<sup>8</sup> According to Maull (1999: 26), one central principle of civilian power is the "promotion of efforts to secure the realisation of *norms and values* of a civilised international order even if this does not provide direct pay-offs in terms of material national interests. Put differently, civilian powers will define their national interests partly in terms of the promotion of universal values."<sup>9</sup> Therefore, Maull's definition goes beyond the focus on policy instruments dominant in the civilian power literature after the Duchene's analysis, and ideas and normative goals have become equally important to characterise the civilian power role.

The 'civilian ends' (or normative objectives) of a civilian power cited by Duchene and Maull are peace and international co-operation, solidarity, strengthening of the rule of law in international relations, democracy, human rights, environmental protection, and the diffusion of equality (development assistance through both granting aid and providing trade preferences), justice and tolerance. These objectives correspond to what Arnold Wolfers (1962: 73-76) called 'milieu

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<sup>8</sup> Emphasis added.

<sup>9</sup> Emphasis added.

goals' contrary to 'possession goals'. Possession goals advance national interests. Milieu goals are not pursued to defend or increase possessions held to the exclusion of others. Instead, they are pursued with the aim of shaping conditions of environment beyond national boundaries. They are goals that transcend the national interests and are shared widely. However, according to Wolfers, this distinction of goals does not exclude an element of national self-interest that leads states to improve the milieu by rendering services to others. Some authors, like Smith (2003: 13), argue that the EU is also "constructing a broader identity, more intent on shaping its environment."

As Orbie (2008) rightly states, this recent emphasis on the 'normative dimension' in the civilian power literature also reflects the tendency among most academics within the literature towards reinterpreting Duchene's concept by combining the normative dimension of the 'Scandinavian Europe' role concept with the politico-economic power of the 'trading state'. In other words, academics within the civilian power literature put more weight on normative aspects than the trading state scenario and on the power of the Union than a Scandinavian Europe. His ideal typical overview of pluralist EU role concepts shows considerable differences between themselves: "Whereas the *trading state*<sup>10</sup> emphasises economic power and hardly pays attention to a normative foreign policy, a *Scandinavian Europe*<sup>11</sup> would concentrate on 'good ideas' and diplomatic initiatives. With a *magnetic Europe*<sup>12</sup>, the normative aspect is embedded in the economic attraction of the European 'club'. Although the *Great Switzerland* scenario differs from the two latter ideal types in that it has no normative aspirations, it equally has no considerable power on the world scene." (Orbie, 2008: 8-12)<sup>13</sup>

## 2. The EU's Trade Policy in Terms of Civilian Power Europe

The notion of 'civilian power' represents a central point of reference for debates on the international role of the EU due to the premise that it is conducting a distinctive form of trade policy, in both form and substance, in the absence of the ability to use military force. The EU's trade policy is mostly assumed to correspond *by definition* to the civilian power Europe role concept since it concerns one of the most apparent examples of non-military means of power. However, 'the civilian versus military debate' provides just one dimension to analyse the civilian power Europe role concept. The issues of resorting to the ways of 'persuasion' and 'attraction', and pursuing normative objectives in exercising trade policy are equally important to characterise civilian power Europe. In other words, it is

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<sup>10</sup> See Rosecrance (1986).

<sup>11</sup> See Therborn (1997 and 2001).

<sup>12</sup> See Rosecrance (1998).

<sup>13</sup> Italics added.

important to analyse the questions firstly whether and to what extent the power of EU trade policy is illustrated by ways of persuasion (carrots) and attraction, and secondly whether and to what extent this policy is exercised in order to achieve normative objectives.

## **2. 1. The EU's Trade Policy as a Civilian Means of Power**

Whether the EU plays a major or minor role in international politics varies across its policy areas. It is not contestable that the EU exerts a considerable power in external economic relations through its trade policy. The EU, as an international actor, is most tangible and cohesive in the field of trade. In other words, external trade policy constitutes a crucial (civilian) means of power of the EU. Indeed, Pascal Lamy, the commissioner who was responsible for trade during 1999-2004, pointed out that the EU's role is significant within trade and environmental policy, catching up concerning development and inconsiderable regarding global financial relations and traditional foreign policy issues including security and defense (Jorgensen, 2006: 33). Lamy, who also stated that for the world, Europe as an international actor only exists in trade domain, was the first in putting forward variation among policies in terms of power and influence.

The considerable power of the EU in trade policy stems firstly from its capacity as the world's biggest trading actor and from the sheer size of its market: With the last enlargement (a population of almost 504 million and a GDP of over 12629 trillion euro) the EU accounts for 20% of world trade. It is the world's leading exporter of goods and the second largest importer. Many (Orbie, 2004: 15; Smith and Woolcock, 1999: 451) argued that particularly after the completion of the Single European Market in 1993, the possibility to determine the level and the conditions of access for particular countries and sectors to the world's largest market forms a substantial source of power for the EU's trade policy.

Secondly, the fact that trade policy<sup>14</sup> is within the *exclusive* competence of the EU -contrary to the CFSP- provides an important advantage in its position in the multilateral trade negotiations under the auspices of the World Trade Organisation (WTO). The Commission depending on the Council 'mandate' represents the Member States and conducts the negotiations in consultation with a special committee appointed by the Council to assist the Commission in this task. The

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<sup>14</sup> EU's trade policy had originally been based on Article 113 of the Rome Treaty which was then renamed as Article 133 of the Treaty Establishing the European Community as amended by the Maastricht Treaty. The Treaty of Lisbon has also amended the article in relation to its scope, the role of the European Parliament and voting procedure in the Council of Ministers. The current article regulating the Common Commercial Policy is Article 207 of the Treaty on the Functioning of the European Union as amended by the Treaty of Lisbon.

autonomy (within the limits of the Council 'mandate') of the Commission from the Member States, which do not have their own say, reflects the advantage of speaking with a single voice. This advantage and the fact that the Council approves or rejects (in the phase of ratification) the trade agreement by qualified majority enhance the EU's power in international arena. Additionally, the 'technocratic style' of trade policy making, where neither the legislatures (national or European) nor interests groups (business and other lobbies) have any real power or ability to participate in negotiations, furthers the autonomy of the Commission in conducting the negotiations (Smith and Woolcock, 1999: 449).

However, there are some important issues, which may impair the power of the EU in international trade relations. First one is related to whether the EU is genuinely unified in its approach to trade issues in the multilateral negotiations for speaking with a single voice. In this respect, the concern regarding the complexity and the difficulty of reaching common position among such a crowded group of countries having different trade interests and tendencies is shared by many. Considering the situation that in practice, as Raymond Ahearn (Klasing and Christopher, 2003: 4) states, the Council tends not to vote on major trade issues by qualified majority, but rather reaches decisions by consensus, reaching internal cohesion among a crowded group of countries appears to be difficult and time-consuming.

For example, Winters (cited in Laird, 1999: 1186) stressed the difficulties that the EC had in reaching and maintaining a common position regarding some trade issues negotiated in the Uruguay Round. Especially in tough issues like agriculture and textile, which concerns some member countries' vital interests (France in the case of agriculture and Portugal in the case of textile), the EC had not been able to provide its internal cohesion for a long time and this situation led to postponement of the conclusion of the Uruguay Round. Again, it was the EC, which delayed the launching of the Uruguay Round because of its internal problems. In view of an enlarged EU with 10 more new members compared to the Uruguay Round, the risk of experiencing similar internal cohesion problems seems high.

Secondly, WTO has extended its scope so as to embrace several of the 'new trade issues' such as commercial aspects of intellectual property rights, investment and some services<sup>15</sup>, which are now within the exclusive EU competence. After the Uruguay Round, which for the first time included the so-called 'new issues' and according to the subsequent advisory opinion of the European Court of Justice<sup>16</sup>, agreements on these issues had been concluded as so-called 'mixed agreements'.

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<sup>15</sup> Cultural and audiovisual services, educational, social and human health services.

<sup>16</sup> See ECJ Opinion 1/94.

These had been made under ‘shared’ Community competence<sup>17</sup>. The Treaty of Lisbon has extended the scope of the trade policy by also including the conclusion of trade agreements in services, the commercial aspects of intellectual property, foreign direct investment in the exclusive competence of the EU in addition to the conclusion of trade agreements in goods. However, according to Article 207 of the Treaty on the Functioning of the European Union as amended by the Treaty of Lisbon, for the negotiation and conclusion of agreements in these fields the Council shall act unanimously where such agreements include provisions for which unanimity is required for the adoption of internal rules. Therefore, ensuring a single voice in the negotiation and conclusion of agreements in these fields are even more difficult. Even in trade issues, for which decisions are taken by qualified majority voting, in practice, as stated above, the Council tends not to vote on major trade issues, but rather reaches decisions by consensus. This institutional structure may limit the power of the EU in international trade relations. On the other side, the limited autonomy of the Commission against the Council may equally strengthen its influence in international trade negotiations. As Mortensen (1998: 221) pointed out, it could be advantageous for the Commission to claim in international negotiations that its hands are tied at home (‘tied hands as bargaining chips’). The Commission would be in a position to demand concessions on other issues in exchange for acceptance.

Thirdly and more fundamentally, the legitimacy and democratic accountability of EU trade policy has increasingly been criticised by many circles. Pascal Lamy (2003) states that “as trade policy is increasingly related to major social issues, in economic terms but also in terms of social values, there must be a place for debate on these questions between elected representatives, in addition to the debates within the national parliaments.” He suggested that an explicit parliamentary support increases the legitimacy of the negotiator in international arena bearing in mind that trade policy is the only common policy in which the European Parliament has no formal role in the treaties. Even the Treaty of Lisbon could not solve this problem since it has not introduced an important competence to the European Parliament in this respect. Although the Treaty has increased the role of the European Parliament by extending the co-decision procedure to the trade policy making in the areas like anti-dumping, anti-subsidy, safeguard measures and Generalised System of Preferences, it remained insufficient in increasing role of the Parliament in negotiation and conclusion processes of trade agreements. According to Article 207 the Commission shall report regularly to the special committee and to the European Parliament on the progress of negotiations and the Council shall adopt the decision concluding the agreement after obtaining the consent of the European Parliament

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<sup>17</sup> This means that once negotiations on these issues were concluded, the resulting agreement required ratification both by unanimity in the Council and separately by the Member States.

which is reached by simple majority. But it is a moot point to what extent these acquisitions will make the Parliament an effective actor in negotiation and conclusion processes of trade agreements.

However, Orbie (2004: 16) states that the growing politicisation does not seem to have substantially weakened the EU negotiation power in the international trade negotiations. According to him, some of the EU positions such as the incorporation of social, ecological and developmental objectives in the framework of the WTO regime are widely shared with EU policy makers and civil society. Similarly, the efficiency/legitimacy dilemma overemphasises the 'process' and neglects the 'outcome' components of legitimacy (Meunier, 2003).

In conclusion, the EU has considerable power in international trade relations through its trade policy. However, analysing EU trade policy as an important means of power is a necessary, but not sufficient, condition to characterise civilian power Europe. For example, a European trading state is equally characterised by a strong commercial power on the international trade scene. Therefore, it is necessary to examine trade policy also in terms of ways of power and normative objectives:

## **2. 2. Ways of Power in the EU's Trade Policy**

### **2. 2. 1. Persuasion versus Coercion**

Concerning the way that the EU trade policy is conducted, both coercion (sticks) and persuasion (carrots) are employed (Smith, 2003: 57-60). Carrots include the conclusion of preferential trade agreements (reciprocal and non-reciprocal) and non-contractual (autonomous) preferences granted to least-developed countries. These preferential trade relations with third countries provide them not only increasing access to the European Single Market -one of the most prosperous markets in the world- through tariff preferences and/or quota increases, but also a degree of institutionalised economic and political co-operation. Sticks include economic embargo (ban on exports) and boycott (ban on imports), tariff increases, quota decreases, withdrawing from the GSP, suspending agreements, stringent application of safeguard measures and rules of origin etc.

The EU grants preferential market access to most of its trading partners for some or all imports. According to the last Trade Policy Review of the WTO (2011) for the ECs, only eight WTO members are subject to exclusively Most Favoured Nation treatment by the EU in all product categories. In other words, the EU currently has preferential trade relations with almost all WTO members except eight: Australia; Canada; Chinese Taipei; Hong Kong, China; Japan; New Zealand; Singapore; and the United States. However, the EU launched bilateral negotiations with Canada in June 2009 for a comprehensive economic and trade agreement and with Singapore in March 2010 for establishing a free trade area. Negotiations on the

wide-ranging FTA between Canada and the EU are expected to conclude by the end of 2012 while negotiating parties in the case of EU-Singapore FTA are currently engaged in inter-sessional meetings to resolve the outstanding technical issues. Lastly, in July 2012 the European Commission proposes to launch negotiations with Japan for concluding an FTA.

The categorisation of the EU's complex preferential trade relations with third countries by Sapir (1998: 718-720) and Messerlin (1999: 47) as three-layer system, showing a certain degree of hierarchy among those relations and therefore existence of "pyramid of preferences", can be referred by taking into consideration recent developments in EU's bilateral relations. The first layer represents reciprocal and contractual preferential agreements: In this respect, the European Economic Area (EEA) with Iceland, Liechtenstein and Norway<sup>18</sup> signifies the EU's most developed trade relationship and, therefore, is at the highest level in the hierarchy. It represents a kind of single market model since it involves four freedoms<sup>19</sup> with the exception of application of a common trade policy. Therefore, it allows these three countries to participate in the internal market and Schengen area without assuming the full responsibilities of EU membership. It also excludes agriculture and fisheries, which are included to a very limited extent.

The second most developed trade relationship corresponds to the customs unions with Turkey<sup>20</sup>, Andorra and San Marino. Euro-Mediterranean Partnership<sup>21</sup> that was established at the Barcelona Conference in November 1995 with southern

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<sup>18</sup> The move towards completion of the internal market till the end of 1992 coincided with new efforts to intensify the existing co-operation based on free trade agreements between the EC and EFTA countries (Sweden, Switzerland, Norway, Finland, Austria, Iceland and Liechtenstein) and led to the establishment of the EEA. The EEA comprising the EU and all EFTA states except Switzerland came into force on 1 January 1994. Just one year later Sweden, Finland and Austria became full members of the EU. The EU and Switzerland established a free trade area between themselves involving just free movement of goods without a common commercial policy. Iceland applied to join the EU on 16 July 2009 and accession negotiations began on 27 July 2010.

<sup>19</sup> Free movement of goods, services, labour and capital.

<sup>20</sup> CU with Turkey covers industrial and processed agricultural products and excludes agricultural products. Steel and coal products are in free circulation, whereas concessions have been exchanged by both parties in trade in agricultural products. Further negotiations started in 2000 to liberalise trade in services and public procurement.

<sup>21</sup> The Partner Countries participating in the Barcelona Process are now part of the European Neighbourhood Policy (ENP) developed in 2004, following the enlargement of the EU, in order to avoid the emergence of new dividing lines in Europe. The ENP complements and reinforces the Barcelona Process on a bilateral basis, through Action Plans agreed with the partner countries that take into account their specific needs and characteristics. A new impetus was given to the Euro-Mediterranean Partnership in 2008 through the Union for the Mediterranean launched in Paris on July 13<sup>th</sup>. The Union for the Mediterranean will be complementary to EU bilateral relations with the Partner countries, which will continue under existing policy frameworks such as the Association Agreements, the European Neighbourhood Policy action plans, and, in the case of Mauritania, the African Caribbean Pacific framework.

Mediterranean neighbours<sup>22</sup>, aims at the creation of a Euro-Mediterranean free trade area by 2010 through the Euro-Mediterranean Association agreements<sup>23</sup>. It comes after the EU's few custom union agreements since those agreements envisage free trade areas without a common customs tariff.

Free Trade Agreement with Mexico<sup>24</sup>, Association Agreement with Chile<sup>25</sup>, Trade, Development and Cooperation Agreement with South Africa<sup>26</sup>, currently-negotiated interregional Association Agreement with Mercosur (Brazil, Argentina, Paraguay and Uruguay)<sup>27</sup>, currently concluded Free Trade Agreements with Korea<sup>28</sup>, Colombia and Peru<sup>29</sup>, recently negotiated Free Trade Agreement with

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<sup>22</sup> The Mashreq countries (Egypt, Jordan, Lebanon and Syria), the Maghreb countries (Algeria, Morocco and Tunisia), Israel and Occupied Palestinian Authority. Libya maintains an observer status since 1999, while at a meeting in Lisbon in November 2007 the Euro-Med Foreign Affairs Ministers and then the European Council held in December welcomed Albania and Mauritania to the Partnership.

<sup>23</sup> These bilateral association agreements foreseeing the establishment of a free trade area between each country and the EU have replaced the non-reciprocal Co-operation Agreements that were in force between the EU and its Mediterranean partners dating from the 1970s.

<sup>24</sup> Mexico was the first Latin American country to sign a partnership agreement with the EU in 1997. The Agreement, called the EU-Mexico Economic Partnership, Political Coordination and Cooperation Agreement, entered into force in 2000 and has established an FTA between the partners.

<sup>25</sup> Negotiations on the EU-Chile Association Agreement were concluded in 2002 and entered fully into force on 1 March 2005, after ratification by all signatory parties. It creates a free trade area in goods, services and government procurement, liberalises investment and capital flows and strengthens the protection of intellectual property rights.

<sup>26</sup> Trade, Development and Co-operation Agreement was signed in on 11 October 1999 entered into force on 1 May 2004. It aims, *inter alia*, to establish a free trade area over a 12 year period covering 90% of bilateral trade. In 2012, the 12-year period of liberalisation has been completed and the free trade area is now in full force.

<sup>27</sup> Negotiations for an inter-regional Association Agreement between the EU and the Mercosur were launched in 1999 but were, however, suspended in October 2004. Negotiations were relaunched in May 2010. The agreement will cover not just goods, but issues such as services, investment, government procurement or trade and sustainable development. The EU seems to be split on the issue: A group of possibly ten to twelve EU countries led by France and Ireland fiercely oppose any agreement that could impact on the well being and finances of EU agriculture while European Commission insists on advancing with the negotiations (MercoPress, 2011).

<sup>28</sup> Negotiations with Korea were launched in May 2007 to conclude a comprehensive Free Trade Agreement with two main objectives: to reciprocally liberalise all trade in goods and services and to tackle existing and future non-tariff barriers to trade. After eight rounds of talks, the negotiations have been completed and the agreement was signed on 6 October 2010, approved by the European Parliament on 17 February 2011 and ratified by the Korean National Assembly on 4 May 2011. It provisionally entered into force on 1 July 2011.

<sup>29</sup> The EU also has difficulties in bilateral free trade negotiations with the Andean Community which is composed of Bolivia, Colombia, Ecuador and Peru. The European Commission had to drop the interregional free trade negotiations which were launched in 2007. Left-wing governments in Bolivia and Ecuador were opposed to many of the objectives of the free trade negotiations which were needed to be suspended in 2008 (Vogel, 2010). As in the case of the ASEAN, the Commission had been forced to separate out the negotiations and followed FTAs with Colombia and Peru. Negotiations for a free trade agreement had relaunched with just Colombia, Peru and Ecuador in January 2009 and Ecuador

Singapore and Malaysia<sup>30</sup>, Canada, India<sup>31</sup> represent non-regional preferential agreements of the EU.

The second layer comprises trade preferences granted contractually to African, Caribbean and Pacific Group (ACP) countries under the Lome/Cotonou Conventions. The last (fourth) Lome Convention expired in February 2000. Instead the fifth one, Cotonou Agreement between ACP countries and the EU was signed in June 2000 for a period of 20 years and entered into force in 2003. It is based on five interdependent pillars: an enhanced political dimension, increased participation, a more strategic approach to cooperation focusing on poverty reduction, new economic and trade partnerships, and improved financial cooperation. Reciprocal economic partnership agreements, which have been negotiated under the Cotonou Agreement and scheduled to enter into force on 1 January 2008, provide for progressive elimination of tariffs and non-tariff measures (including technical barriers to trade), on both goods and services, and address other trade-related issues. The EU has been negotiating with 36 ACP countries since the early 2000's as seven regional blocks (five African, one Caribbean and one Pacific). However, as of November 2012 the negotiations with some of the ACP countries are not yet completed. So far, the EU has completed an EPA only with 15 countries of the Caribbean region, while it has signed and ratified interim agreements with several other countries. (ACP Press, 2012)

Trade provisions of the Cotonou Agreement granting non-reciprocal trade preferences to ACP countries<sup>32</sup> expired on 31 December 2007. Since January 2008 the EU has granted "advance EPA treatment" in the form of duty- and quota-free access for products from ACP countries that have initiated negotiations with the EU for an EPA. (WTO, 2011)

As to the third layer, non-reciprocal and non-contractual (autonomous) trade preferences are granted to the other less-developed countries under the Generalised System of Preferences (GSP) mechanism. The aim of this mechanism is supporting beneficiary countries to better participate in global trade and thus to contribute to

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suspended its participation in July 2009. The remaining three partners signed the agreement after nine rounds of negotiations in April 2011.

<sup>30</sup> After FTA negotiations between the EU and a group of ASEAN countries proved difficult, in December 2009 the EU decided to follow bilateral trade negotiations with individual ASEAN members instead towards free trade agreements. Accordingly, negotiations with Singapore in March 2010 and Malaysia in September 2010 were launched.

<sup>31</sup> The Council authorised in April 2007 the Commission to negotiate a comprehensive Free Trade Agreement with India. The negotiations were launched in June 2007 and are still in progress. Two main objectives are: reciprocally liberalising all trade in goods and services and tackling existing and future non-tariff barriers to trade.

<sup>32</sup> In order to facilitate the transition, the non-reciprocal trade preferences applied under the Fourth Lome Convention were maintained during an interim period (2001-07).

their economic development, respecting human rights and the principles of sustainable development. The European Community among the other developed countries was the first to implement a GSP scheme in 1971 after suggested by the UNCTAD in 1968. The EU updated its GSP in 2004 to be implemented for a period of ten years between 2006 and 2015. The GSP mechanism consists of a general arrangement granted to all beneficiary countries for some of their exports to the EU markets and two special arrangements as a special arrangement for the Least Developed Countries (LDCs) which is 'Everything but Arms' arrangement and a special incentive arrangement for sustainable development and good governance.

As Orbie (2004: 16) states, it can be assumed that the EU's trade policy is mainly oriented towards persuasive measures rather than coercive ones although it is difficult to measure which way is relatively prevalent. He bases this assumption not only on the inherent liberalisation dynamism in the EU's external trade policy - embodied especially through its stance in the WTO-, but also on the relative difficulties to impose sanctions necessitating unanimity in the Council.

### **2. 2. 2. Power of Attraction in Terms of EU's Trade Policy**

It can also be argued that the EU's trade policy constitutes a channel through which power of attraction can be wielded. For example, it is evident that the EU attracts others not only through its regional integration model but also via its preferential trade relations with third countries in a globalising world. Third countries either seek to have an institutional trade co-operation with the EU through a preferential agreement, or emulate its existing trade agreements with third countries (such as Economic Partnership Agreements with ACP countries or other bilateral trade agreements with its neighbouring countries) among themselves.

Another example can be the attractiveness of the EU's trade policy as a 'laboratory' for global governance. For example, the EU perceives itself as a laboratory of 'harnessed globalisation'. The EU's trade policy discourse on harnessing globalisation is embodied in the EU's approaches as promoting a balance between unfettered free trade and proper government regulation and legitimising social, ecological and development concerns. This can be linked with the increasing perception of the EC as an effective model for the management of capitalist societies, based roughly on a modified social market economy as opposed to the free market capitalism of the American model (Smith, 1999). In this context, the attractiveness of the EU's trade policy as a laboratory can also be observed through its development objective. The other developed countries may learn much from the EU's trade policy practices such as the 'Everything but Arms' arrangement and special incentive arrangements in the GSP regime in an endeavour to diffuse equality between poor and rich in the world.

### 2. 3. EU's Trade Policy and Normative Objectives

It is essential to examine what these means and ways of power are used for so as to complete the analysis of civilian power Europe in terms of EU's trade policy. The study of whether the EU's trade policy plays a role in the achievement of normative objectives (or, in other words, whether it is only resorted to reach short-sighted possession goals) is crucial to decide as to whether it rightly corresponds to the civilian power Europe role concept.

Although some scholars, like Smith (2003: 2, 13), think that not only means but also objectives of foreign economic policy are economic and that in the field of international trade the EU seeks to protect its external interests, it can also be argued that in some practices and measures of the EU's trade policy normative objectives can evidently be observed and, therefore, "the role of milieu goals in EU trade policy should not *a priori* be excluded" (Orbie, 2004: 17).

First of all, EU's own role description obviously points into this direction. EU trade policy discourse is characterised by the idea of 'harnessing globalisation', which is Pascal Lamy's dictum, and Pierre Defraigne, the Deputy Director General for Trade, explicitly linked the fact that the EU perceives itself as a laboratory of 'harnessed globalisation' with its role as 'a truly civilian power' (cited in Orbie, 2004: 17). With a special reference to Lamy's speeches<sup>33</sup>, it can be concluded that the EU's trade policy discourse of 'harnessing globalisation' has demonstrated a commitment towards the achievement of normative goals.

Additionally, since the 1990s trade policy of the EU has broadened from a rather narrow focus on trade in goods and services to more politically sensitive issues, including the promotion of normative objectives. The foremost examples are the objective of promoting and protecting democracy and human rights through the mechanism of conditionality ('essential element' clause) in the preferential trade agreements, and the objective of sustainable development of less-developed world through 'Everything but Arms' arrangement and the special incentive arrangements (rewarding compliance with international social and environmental standards and principles of good governance) together in the EU's GSP regime.

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<sup>33</sup> See for example "Post-Seattle – a vision of globalisation and of the challenges ahead", 20.3.2000; "Harnessing globalisation: do we need cosmopolitics?", 1.2.2001; "Europe's role in global governance: the way ahead", 6.5.2002; EU-"ASEAN Partnership : Harnessing Globalisation Together", 6.9.2004.

For Europe's own role description as a promoter of 'sustainable development' through trade see: <http://trade-info.cec.eu.int/europa/2001newround/sus.pdf> and <http://trade-info.cec.eu.int/europa/2001newround/dev.pdf>

### **2. 3. 1. The Objectives of Promoting and Protecting Democracy and Human Rights: The conditionality ('Essential Element' Clause) in the Preferential Trade Agreements**

The EU's trade policy is a policy field in which conditionality is frequently used to persuade the governments of third countries to pursue policies that promote and protect democracy and human rights.<sup>34</sup> Political conditionality is defined by Smith (1997: 6) as the linking, by a state or international organisation, of perceived benefits to another state (in this case trade concessions) to the fulfilment of conditions relating to the protection of human rights and the advancement of democratic principles. Smith (2003: 57) categorises conditionality into two types as positive and negative: Positive conditionality refers to promising benefit(s) to a state only if it complies with the conditions determined by benefit provider. However, as negative conditionality implies, benefit provider may reduce, suspend or terminate such benefits in the case that the state concerned does not comply with the conditions. Smith (110, 135) also argues that the EU follows the human rights and democracy objectives with a number of instruments (including trade agreements), but clearly prefers positive measures (carrots) to negative ones (sticks).

Since the early 1990s, all bilateral trade, cooperation and association agreements (except sector-specific agreements such as steel and fisheries) signed between the EU and third countries contain an 'essential element' clause which stipulates that respect for democratic principles and fundamental human rights as laid down in the Universal Declaration of Human Rights is the basis of their relations. In other words, democracy and human rights are set as 'essential elements' of all trade and association agreements between the EU and third countries. Through these agreements the EU conditions its economic relations with third countries on their compliance with human rights and democratic norms. Therefore, these agreements provide important leverage for the EU to press global respect for human rights forward. Until currently about 47 agreements containing such a clause have been agreed with more than 122 countries. Recent agreements further involve a final provision which stipulates the suspension of the agreement in case of a serious breach of the 'essential elements'. For example, the Cotonou Agreement with 79 ACP countries involves such an 'essential element' clause and is significant for its special emphasis on the role of human rights in relations between the two parties since it bases the allocation of trade concessions and

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<sup>34</sup> The use of conditionality as a foreign policy instrument by the EU is also observed in its development policy and the enlargement process.

financial assistance by country on the situation in this field.<sup>35</sup> In other words, the EU regards existence of democratic political structure and respect for human rights as indispensable conditions for reducing poverty. Indeed, negotiations for a free trade agreement with Libya were suspended in February 2011, and the Association Agreement with Syria, which dates back to 1977, was suspended on human rights grounds in September of the same year.

‘Essential element’ clause is an important example showing the role that EU’s trade policy plays in the achievement of normative objectives (supporting human rights and democracy, ensuring the accession, ratification and implementation of international human rights treaties and declarations by those states that have not signed them). Since the EU holds the highest proportion of world trade, it has a significant impact in international arena in diffusing those norms.

### **2. 3. 2. The Objective of ‘Sustainable Development’ of Less-Developed World: Eradicating Poverty through ‘Sustainable Development’**

The fact that about half the money spent to help poor countries comes from the European Union or its individual member states makes the EU the world’s biggest aid donor. But development assistance is not just about providing aid, it is also about helping the developing countries improve their trade performance by giving them better access to the EU market. This would enable them to develop and strengthen their external trade and to take advantage of globalisation. Boosting exports is recognised as one of the best ways of stimulating the growth of developing country economies in general. In this respect, the EU’s trade policy is closely linked to its development policy. The two come together as the Union assumes its share of responsibility to help developing countries fight poverty and integrate into the global economy. (European Commission, 2004: 12, 13)

Sustainable development is one of the central normative objectives (milieu goals) in the EU’s trade policy discourse of ‘harnessing globalisation’. This objective was particularly underlined in the Laeken Declaration on the Future of the EU. In this declaration the member states agreed that Europe should be “a power wanting to change the course of world affairs in such a way as to benefit not just the rich countries but also the poorest”. It should be “a power seeking to set globalisation within a moral framework, in other words to anchor it in solidarity and sustainable development.”<sup>36</sup> EU’s strategy for sustainable development aims at reconciling economic development, social cohesion and environmental protection.

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<sup>35</sup> The Cotonou Agreement refers to reciprocity in the fields of good governance and decentralisation (the opening of the partnership to non-state actors) as well as to gender equality and institutional development.

<sup>36</sup> For Laeken Declaration on the Future of the EU please see <http://european-convention.eu.int/pdf/laeken.pdf>

In other words, the objective of the EU is to ensure the development of LDCs by enabling them to integrate into the global economy while providing control over their development with a view to eliminating adverse effects on social and environmental issues. This concept equally implies a commitment to development and to social and ecological norms. Therefore, 'sustainable development' appears as an umbrella term for several normative objectives.

Sustainable development objective of the EU's trade policy is evidently embodied in the GSP regime. The newly revised schemes under the GSP regime place a stronger emphasis on the sustainable development aspect by targeting the benefits more carefully towards the poorest countries via the graduation mechanism, by implementing a procedure for withdrawal of generalised preferences (i.e. for slavery, forced labour, fraud), by launching 'Everything but Arms' arrangement and by defining new socially and environmentally conscious objectives. The latter two regulations of the GSP regime for the sustainable development objective are particularly examined below.

### **2. 3. 2. 1. 'Everything but Arms' Arrangement**

Concerning the development dimension of the 'sustainable development' objective, although the importance of aid is sometimes focused on, the emphasis is usually on *trade* for the integration of LDCs into the global economy. The EU's EBA arrangement that launched in March 2001 under the GSP regime comes out as the most prominent mechanism for the objective of development of LDCs. In view of the recognition that trade can boost the economic growth and productive capacities of poor nations, the Union grants the 48 LDCs -as recognised and classified by the UN- duty free access to the EU market for all their products (except weapons and ammunition) through its EBA arrangement. This arrangement which provides the most favourable regime available is suggested to be maintained for an unlimited period of time without being subject to the periodic renewal of the Community's GSP<sup>37</sup>. If a country is no longer classified by the UN as an LDC, a transitional period is suggested by the last Regulation to alleviate any adverse effects caused by the removal of the tariff preferences granted under this arrangement (European Parliament and Council, 2012).

Through this arrangement the EU aims at helping these countries catch up with the rest of the world, instead of facing marginalisation in the era of globalisation. Improving their access to global markets for agricultural and industrial goods and services is accepted as crucial for their development. Accordingly, the EU demonstrated its support for the countries concerned by initiating the EBA

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<sup>37</sup> For more details see Regulation (EU) No 978/2012 of the European Parliament and of the Council, 25 October 2012. [http://trade.ec.europa.eu/doclib/docs/2012/october/tradoc\\_150025.pdf](http://trade.ec.europa.eu/doclib/docs/2012/october/tradoc_150025.pdf)

arrangement. Indeed, under this arrangement the EU has opened its markets to unlimited quantities of all products (barring weapons) from those countries and without charging any duties whatsoever though the import duties on bananas, sugar and rice were removed in stages between 2002 and 2009. Actually, 97 per cent of import from these countries had already entered duty-free into the Single Market before the introduction of EBA since as early as 1971, under its GSP regime, the EU began reducing or removing tariffs and quotas on its imports from developing countries. (European Commission, 2003: 15) But, the remaining products constitute 10 per cent of the tariff lines and increase export opportunities for agricultural products (Orbie, 2004: 26).

The EU became the first major trading power that has opened its market completely to exports from the world's LDCs through the EBA arrangement. Regarding the development objective, this arrangement seems to be the centrepiece of EU's trade policy.<sup>38</sup> It should be noted that the development objective of the EU's trade policy in the form of EBA regulation is followed both horizontally (promoting LDC export and urging other industrialised countries to adopt a similar market access regulation) and vertically (attempts to multilateralise the arrangement in the GATT/WTO regime).

### **2. 3. 2. 2. Special Incentive Arrangement for Sustainable Development and Good Governance (GSP+ Arrangement)**

The GSP scheme, in accordance with its primary objective which is to contribute to the promotion of sustainable development and good governance, enables beneficiary countries to be covered by special incentive arrangement allowing them to benefit from an additional reduction in customs duties for exports to the Union as a reward for compliance with widely recognised international standards in the field of human rights, core labour standards, environmental protection and good governance. The qualifying criteria for the GSP+ arrangement are set out in the GSP Regulation. The special incentive arrangement for sustainable development and good governance may be granted to a developing country if it firstly is vulnerable due to a lack of diversification and insufficient integration within the international trading system, if it secondly has ratified and effectively implemented 27 specified international conventions, 15 of which are the UN/ILO conventions on core human and labour rights, and 12 of which are the conventions related to the environment and to principles of good governance and if it thirdly undertakes to continue to apply these conventions and accepts that their

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<sup>38</sup> Similarly, the EU has also been combining trade and aid in a new way in economic partnership agreements. The idea is to help the ACP countries integrate with their regional neighbours as a step towards global integration, and to help them build institutional capacities and apply principles of good governance. At the same time, the EU will continue to open its markets to products from the ACP group, and other developing countries.

implementation will be regularly monitored. A country wishing to benefit from this special arrangement must submit its request to the Commission which examines it. If the Commission verifies that the country performs the conditions of being a beneficiary of the special incentive arrangement then it is added to the list of GSP+ beneficiary countries. If a GSP+ beneficiary country no longer fulfils the conditions, the Commission may decide to remove the country from the list of GSP+ beneficiary countries.<sup>39</sup>

Similar to the 'Everything but Arms' arrangement, the special incentives represent another crucial example showing the role that EU's trade policy plays in the achievement of sustainable development objective as a wide-ranging normative objective of the civilian power Europe.

### Conclusion

In the light of the analysis made above, it can be said that a civilian power relies on *civilian* rather than *military* means, preferably makes use of *persuasive* ways of power as well as is capable of exercising power of *attraction* (ideological power), and more importantly pursues *normative* objectives. In this context, EU's trade policy mostly reflects 'civilian power' character of the EU. This is not only because it concerns one of the most obvious examples of non-military means of power. But also, it can be assumed that the EU's trade policy is mainly oriented towards persuasive measures (carrots) rather than coercive ones (sticks) due to the inherent liberalisation dynamism in the EU's external trade policy and the relative difficulties to impose sanctions necessitating unanimity in the Council. The EU's trade policy also constitutes a channel through which power of attraction can be wielded, for example by way of its preferential trade relations in a globalising world, as a 'laboratory' for global governance or via the EU's ideological discourse on 'harnessing globalisation'.

More importantly, EU's trade policy as a means of civilian power is exercised with an eye to achieve normative objectives so as to shape the international environment. Normative objectives can evidently be observed in some practices and measures. Therefore, their role in EU trade policy should not be ignored. In this respect, two prominent examples have been presented: Firstly, since the early 1990s, all preferential trade agreements signed between the EU and third countries contain an 'essential element' clause which conditions EU's economic relations with third countries on their compliance with human rights and democratic norms. Secondly, the EU also pursues 'sustainable development' objective for the less developed countries -as one of the central normative objectives in the EU's trade

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<sup>39</sup> See Regulation (EU) No 978/2012 of the European Parliament and of the Council, 25 October 2012. [http://trade.ec.europa.eu/doclib/docs/2012/october/tradoc\\_150025.pdf](http://trade.ec.europa.eu/doclib/docs/2012/october/tradoc_150025.pdf)

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policy discourse of ‘harnessing globalisation’- through the mechanisms of its GSP regime like ‘Everything but Arms’ arrangement for the development of LDCs and special incentive arrangements rewarding compliance with international social and environmental standards and principles of good governance.

The EU does not seem to follow first and foremost geopolitical interests. Instead, it binds itself to international norms and promotes values it believes in (such as protection of human rights and democracy, reducing the gap between the poor and rich countries, protection of environment and labour rights and so on) through its engagement in bilateral and multilateral settings. In this context, the EU seems not only to have an impact on the international system but also to have a somewhat *particular* impact. In the sense that primarily relying on civilian means provides just one element of being a civilian power, it might be argued that the EU is a ‘civilian power’ not only because of its emphasis on non-military instruments in international affairs, but also due to its *civilising* impacts (by pursuing the spread of particular norms) on the environment beyond its borders. Its capacity relying on civilian means of power reflects, rather, *applying* civilian power, but *being* a civilian power is something more than that.

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