Towards an EU leadership role in shaping globalisation

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Abstract
Globalisation poses significant challenges, but the EU has the economic power to use the process to its benefit. While technological innovation may be disrupting the traditional understanding of labour and the free market, and of international cooperation more generally, it represents an opportunity for the EU to become a global leader. The EU should continue its efforts to provide citizens with the skills they need for the future and to promote research and development. By remaining competitive and ensuring a stable geographical environment, the EU will be able to shape globalisation to its benefit.

Keywords
Globalisation, Leadership, Innovation, Economy, Security, International cooperation

Introduction
Globalisation is a process involving worldwide interactions which lead to new opportunities, the discovery of new people and places, and the exchange of ideas and goods at an ever-intensifying pace. Technological development has further intensified the speed with which this interaction occurs, thus leading to unprecedented interconnection between the world’s countries. In this context, the EU aims to ensure prosperity for its citizens by harnessing this process. The EU is well placed for this because it is a major economic power: it has the world’s largest single market, it is the world’s largest trading power, it is the world’s biggest development and humanitarian aid donor, and its currency is the second most traded in the world. Furthermore, the EU’s Digital Single Market Strategy is aiming to build better access for consumers and businesses to digital goods and services across Europe, by creating the right conditions and a level playing field for digital

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networks and innovative services to flourish, and by maximising the growth potential of the digital economy. Over half of EU citizens regard globalisation as an opportunity that the EU is equipped to harness (European Commission 2017c). However, for all the potential globalisation has, the way it is managed will ultimately define the extent to which EU citizens benefit from it.

Globalisation has also created numerous challenges related to the economy, the environment, security, demography and so on. Globalisation has increased competition and the mobility of people and companies. While there are a lot of challenges intertwined with this progress, this article argues that, despite these challenges, there are numerous ways in which the EU can benefit from global development and take the lead in globalisation. More specifically, the EU is able to act as a global value leader through international cooperation on trade, humanitarian aid, climate and security. If the EU is successful in supporting research and development (R&D), innovation and a skilled work force, it also has the ability to grow. The EU can thrive and benefit from globalisation in the future through international trade deals; cooperation on security; and firm demands for and respect of human rights and dignity, freedom, democracy, equality and the rule of law.

The EU in a globalised economy

As the world’s largest single market, the EU has the economic weight to shape global economic developments according to its values. As the US is now retreating from multiple negotiations and agreements, global interest in the EU as a partner has increased. Thus, there is a window of opportunity for the EU to become a global leader, provided that its member states act in a united way. European, national and local synergies need to be established.

An EU-led global economy would emphasise ‘open trade anchored in the rules-based multilateral trading system’ (European Commission 2017a, 3). This openness is underpinned by a strong commitment to high social and environmental standards, allowing both citizens and business to thrive. Data suggests that openness favours the EU, since a large portion of its gross domestic product (GDP) is based on exports. The eurozone is the third largest economy in the world, and is driven by the services sector. The eurozone’s total share of world exports, including intra-euro-area trade, is 25.2%. In 2016, exports of goods and services already formed 43.9% of the EU’s GDP (Eurostat 2017). One can therefore see the positive effect of free-trade agreements in practice. In the first five years after entering into force, the EU–Korea Free Trade Agreement had increased EU goods exports to South Korea by 55% (European Commission 2016b). As such, one can expect similar positive effects from the free-trade agreements that the EU has recently concluded, or is in the process of negotiating. Remarkable growth for Europe is also expected from trade with Canada, as the EU–Canada Comprehensive Economic and Trade Agreement entered into force in September 2017. The EU is currently negotiating a trade agreement with Japan, and there are similar plans for Mexico and several South American states. Similarly, the EU and Australia completed preparatory work in April
2017 for potential trade negotiations. The European Commission has now recommended that the EU enter into formal negotiations for a trade agreement with Australia and New Zealand. The argument in favour of openess and free trade is further reinforced by the positive relationship between trade and employment. Put simply, trade means jobs: for every €1 billion the EU receives from exports, 14,000 new jobs are created across the EU (European Commission 2017d, 4).

New trade deals not only bring growth and jobs to the EU, but they also give the Union the opportunity to influence and set the rules for global development. The EU’s economic power enables it to negotiate from a position of strength, which it can use to ensure that its priorities, for example, on climate change, population growth, human rights, environmental protection, working conditions, food safety, public health and animal welfare, are taken into account. For instance, the EU is currently updating its anti-dumping law to counter unfair trade practices by third countries. It is time for Europe to gain a better foothold as a global leader. Instead of protectionism, we need international partnerships to shape globalisation according to European values and norms.

The changing jobs market

Technological innovation in conjunction with globalisation will have a lasting effect on the labour market, and it is one which the EU must be equipped to benefit from. In a generation, the average European worker has ‘gone from having a job for life to having more than ten in a career’ (European Commission 2017g, 9). This is a permanent change in the jobs market. Furthermore, technological innovation in the form of automation and robotisation will phase out some jobs and introduce others. Thus, the future labour market will require new skills and more adaptability.

In order to meet these needs, it is important to enhance education, promote lifelong learning and support innovation. In 2013, 18% of Europeans (more than 92 million individuals) were aged 65 or older. This is predicted to rise to 30% by 2060 (Davies 2014), and, by then, close to 90% of jobs will require digital skills (European Commission 2016a). To meet market demand, education must be more flexible and in line with the needs of the worlds of science and business. Equally, there needs to be flexibility in the future workplace and in career paths to enable employees to improve their abilities and skills. Further and distance education can make important contributions to successfully meeting the challenges of modern societies. A focus on personalisation and tailor-made education is needed. Lifelong learning opportunities, flexible educational paths and digital platforms for the sharing of best practices are of high importance.

In the EU, each member state is responsible for its own education and training systems. However, the supranational level is equipped to support these efforts by emphasising mobility and internationalisation, which employers find valuable when recruiting (Molony et al. 2011). For example, the common Education and Training 2020 framework has been created to support member states in meeting the new
challenges. Part of the framework stipulates that at least 20% of higher-education graduates, and 6% of 18–34 year olds with an initial vocational qualification, should have spent some time studying or training abroad (European Commission 2018). Furthermore, the EU supports national and regional authorities, as well as educational institutions and civil society organisations through investment in education and training. Financing comes from different European funds, including Erasmus+, the European Social Fund, and the European Regional Development Fund. There are also schemes such as the Youth Guarantee, which was created to ensure that all young people would be offered a job, training or studies within four months of graduating or leaving a job. The total budget of the Youth Employment Initiative, the main EU financial resource that supports the implementation of the Youth Guarantee scheme, is €8.8 billion for the 2014–20 period.

The Erasmus programme is a prime example of the work carried out by the EU to support lifelong learning and mobility. Erasmus has mobilised over nine million people, and its new iteration, Erasmus+, builds on this success. The ‘+’ at the end of the programme’s name denotes that the original Erasmus programme has evolved and been expanded to many new levels of studying and working life. It now involves multiple levels: higher education students, youth exchanges, vocational training learners, education staff and youth workers, and European volunteers, as well as Erasmus Mundus students and staff. Its funding has been increased by 40%, and it is now also available for activities in the field of sport.

Internationality is one of the best ways of improving the quality of education, research and the innovation environment. The good results achieved through the Erasmus+ student exchange programme and the Marie Curie research staff exchange programme are examples of this. An international exchange period should be included in all university degrees Europe-wide. Not only do these exchanges enhance interpersonal skills, but they also increase job opportunities for young people, thus combating youth unemployment. Furthermore, the Commission has set out a vision to facilitate mobility through the mutual recognition of diplomas, greater cooperation on curricula development, improved language learning, lifelong learning, the mainstreaming of innovation and digital skills in education, supporting teachers, creating a network of European universities, investing in education, preserving cultural heritage and strengthening the European dimension of Euronews (European Commission 2017f). In sum, it is important to enhance education, lifelong learning, innovation and flexibility in the workplace in order to deal with the technological disruptions to traditional business practices, to equip individuals with the skills they need for the future and for the EU to remain a global economic leader.

Supporting innovation

The EU should support its emphasis on open markets and its actions to adjust to the changing jobs market with increased investment in research and innovation. The EU’s absolute ability to innovate has increased (Hollanders and Es-Sadki 2017), but in relative
terms it should be mindful of its competitors. The EU is catching up with Canada and the US, but South Korea and Japan are pulling ahead. China shows the fastest progress among international competitors. If the EU is to remain a global economic player, it needs to invest in R&D.

Public grants for R&D have decreased in many European countries. EU member states are set to address this by raising R&D budgets to at least 3% of GDP. This goal was set in the ‘Investing in Research’ Action Plan in 2003 and was intended to mobilise the member states to set their own targets for R&D investment. Reaching the goal would create approximately 3.7 million new jobs and increase annual GDP by nearly €800 billion. At present, the 3% goal has only been reached by Finland, Sweden, Denmark and Austria. Along with public grants and EU funds, private investment and many kinds of joint ventures are needed. Furthermore, the operating environment must encourage innovation in terms of regulation, markets and capital.

At the EU level, Horizon 2020—the biggest-ever EU research and innovation programme with nearly €80 billion of funding available for 2014–20—is implementing the Innovation Union. This is the EU strategy to create an innovation-friendly environment that makes it easier for ideas to be turned into products and services. The Innovation Union aims to create a genuine single European market for innovation, which will attract innovative companies and businesses. To achieve this, several measures have been proposed in the fields of patent protection, standardisation, public procurement and smart regulation.

**International cooperation**

Globalisation further raises issues in terms of international politics and international cooperation, particularly in the areas of defence and tackling climate change. First, internal and external security is becoming ever more intertwined, and our security and economic stability depend on peace beyond our borders (EEAS 2016). For example, the EU expends significant energy on ensuring mutually beneficial relations with countries in Africa. Demographic projections suggest that the population in Africa will increase significantly by 2050, and it will be comparatively young and lacking in access to education. In order to ensure the continent’s stability, EU and African stakeholders are focusing on addressing these challenges and the opportunities they can provide (European Commission 2017e). It is important to guarantee equal access to all levels of education, to invest in entrepreneurship and the energy infrastructure, and to continue cross-border exchanges under the Erasmus+ programme, so as to enable young people to build a future also in their home countries.

The dramatic demographic change expected in Africa highlights the importance of sexual and reproductive health as a precondition for stable and equal societies. Access to family planning has a direct impact on demographic development and migration. Empowering girls and women should be emphasised by the EU in all EU–Africa collaboration. Especially now, when US President Donald Trump has withdrawn American
support from various family planning initiatives, Europe must stand up and take responsibility for ensuring women’s rights around the globe.

Second, in defence and security, the EU has depended on US support for too long. Although the US remains a crucial strategic partner for the EU, the Union is now shaping its Common Security and Defence Policy—a framework that enables it to conduct both military and civilian operations in support of international peace and security. It is an integral part of the EU’s comprehensive approach to crisis management. The operational side does not aim to replace any parts of NATO. The security of the EU and NATO are interconnected because 22 EU member states are also members of NATO. Together, the EU and NATO can mobilise a broad range of tools and make the most efficient use of resources to enhance the security of their citizens in the areas of, for instance, countering hybrid threats; operational cooperation, including at sea and in migration; cybersecurity and defence; defence capabilities; the defence industry and research; joint exercises; and supporting Eastern and Southern partners’ capacity-building efforts. It is important for the EU to show stability and be a reliable partner on the global scene.

Third, apart from security challenges, the world faces the challenge of global warming. The Paris Agreement was a major milestone in keeping the global average temperature rise between 1.5°C and 2°C above pre-industrial levels. The Paris Agreement sends a clear signal to capital markets and investors—public and private—that the global transition to clean energy is here to stay.

The EU positions itself as a leader in the fight against climate change. As the US signals its intention to withdraw from the Paris Agreement, the EU is working hard to continue its efforts in climate diplomacy with the rest of the world. Two years after the Paris Agreement, the EU is firmly in the lead on fighting climate change. Among its initiatives, the EU has launched a new Action Plan for the Planet (European Commission 2017b). The EU is leading by example and is creating an enabling environment that accelerates public and private investment in innovation and modernisation in all key sectors. The EU is on track to achieve its 2020 climate goals: it was one of the first Parties to announce its post-2020 aim, and it has ambitious plans to reduce its emissions by 80%–95% by 2050 compared to 1990.

Conclusion

Globalisation poses a host of challenges. Countries and regions are being confronted with unparalleled technological development, a changing labour market, a degree of market openness unseen in human history, new security threats and anthropogenic climate change. While all of these challenges may seem daunting, the EU and its citizens are equipped to benefit from and shape globalisation. Furthermore, with the US under President Trump signalling a retreat from the forefront of international politics, the EU has the opportunity to become a global leader. This is why the EU should build upon its existing efforts to ensure a stable neighbourhood and shape globalisation in its interests.
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