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POLICY BRIEF

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# Impact of the COVID-19 Crisis on EU Trade Policy:

## Our Five Cents to the Debate



### Executive Summary

The resilience of the neoliberal free trade paradigm in the post-COVID-19 era should not be underestimated, at least in the short term. The EU's trade policy response has so far been compliant with free trade philosophy and this has not faced serious challenges yet.

Ostensibly protectionist measures are explicitly framed as temporary and exceptional and have been accompanied by liberalising proposals. In the medium and long term, paradigm change may happen. However, the authors warn that such shifts may not be as romantic as envisaged by deglobalisation advocates, because also securitisation looms as a realistic and dangerous alternative.

While both deglobalisation and securitisation involve less trade, their political underpinnings are radically different.

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## Introduction

Undoubtedly, the world will never be the same after the corona crisis. Notwithstanding the dreadful events all over the world, the current crisis also provides a fascinating episode for researchers. We refer not only to virologists but also to social scientists who have, by default, a keen interest in political, economic and societal shifts. Scholars studying the European Union (EU) already have some experience with analysing crises. Not only are EU policies bound to change, many observers alert that the entire European project is at stake. The scholarly debate and political struggle to understand the crisis has already started.

With this policy brief, we aim to contribute our 'five cents' to this debate. In doing so, we focus on the EU's trade policy. Trade is one of the EU's strongest policy domains: the EU has an exclusive legal competence, significant market power, and strong historical track record. Europe's common commercial policy projects the essence of the European construction, which is the political economy of market integration, towards its relations with the wider world. The future of trade, as one of the key dimensions of globalisation, has also been central in the debates on the impact of the corona crisis.

At first glance, soundbites given and measures taken by EU trade policy representatives seem confusing. While the European Commissioner for International Trade, [Phil Hogan](#), stresses the need for open trade and even more intensified liberalisation (especially in medical equipment), the French Minister of Finance [Bruno Le Maire](#) argues in favour of "European industrial sovereignty" and "legitimate protection", and even the [Dutch Trade Minister](#) (not known for protectionist inclinations) says that "it is time to take a step back" and "rethink our trade deals to take a closer look at sustainability in value chains". Some warn that the corona crisis

facilitates [protectionist sentiments](#) and perhaps even shifts towards authoritarianism, which reminds of the interbellum period of beggar-thy-neighbour protectionism. Others see an opportunity to dismantle globalisation in favour of more local and more sustainable production. There are calls for 'reshoring' of critical and strategic industries, practices of 'nationalisation', and border controls have been re-established, but it is unclear how sustainable (in both senses of the word) government interventions will be.

When aiming to come to grips with changes and continuities in EU trade policy, our starting point is blunt and clear: EU trade policy is [outspokenly neoliberal](#). This is despite some emphasis on 'harnessing' or 'managing globalisation' through trade and 'sustainable' or 'ethical' trade arrangements, as well as protectionist and mercantilist tendencies in defence of sensitive industries and toward economic competitors. Overall, the EU has assertively (some would say, aggressively) pursued free trade at the multilateral level of the World Trade Organization (WTO) and most visibly through a new generation of bilateral free trade agreements (FTAs) concluded with Korea, Japan, Canada, Vietnam, the Andean Community and many other countries in the Global South. Since the end 1980s, interests, ideas and institutions of EU trade policy have consistently coalesced into a neoliberal trade paradigm. This involves an obstinate belief that ever more export and liberalisation will bring growth, which eventually entails peace and welfare to societies.

We are thus mainly interested in how this neoliberal paradigm might be affected by the corona crisis. We also pay attention to new and nitty-gritty EU trade policy measures, but mainly from the vantage point of whether and how these relate to changes of the EU's free trade orientation. How might the current crisis impact on the neoliberal trade paradigm and under what conditions might we see alternative

paradigms emerging? A long procession of pundits is announcing an entirely different world when the corona crisis is over, but can we expect the EU to throw its free trade recipes out of the window in order to be replaced by... what?

## **Cent 1: We Don't Know**

Let's start with an easy but important caveat: just like virologists have apparently not really had a clue about the virus' implications and are learning-by-doing, social scientists should also be wary about making predictions and can only hope for progressive insights (pun intended). Political scientists have proven to be particularly bad at forecasting the future – particularly in advance. We tend to overemphasise continuity in uneventful times and overestimate changes in times of crisis. Much depends also on how a 'crisis' is defined and interpreted, something about which academics typically disagree as it often closely relates to their personal preferences and (sub)disciplines. People's worst fears and fiercest hopes become projected onto predicted change and continuities.

Predictions on the future course of a policy domain such as commercial policy become even more difficult as this is inevitably entangled with wider domestic and international developments. EU trade policy changes would be contingent on how the economic recession will be addressed, on whether the crisis leads to more conflict or cooperation between countries in Europe and worldwide, on domestic political changes all over the world, and many other (f)actors.

What makes it even more difficult is that analysts use different benchmarks to evaluate change. What constitutes meaningful change? Do we notice relevant policy shifts when instruments are modified to cope with the new situation, or do we refrain from talking about real change

until a complete overhaul of existing structures has taken place?

While it is too early to make predictions, it is high time for debating the post-corona era. Despite uncertainties, we do have some basic theoretical frameworks and insights from historical precedents, as will be shown in the next two sections.

## **Cent 2: Paradigm Change: A Basic Framework**

We do have some conceptual tools at our disposal to think about change and continuity. Based on [Peter Hall's](#) work, scholars generally distinguish three 'orders of change' in politics. First-order change or 'policy change' only involves an adjustment in the settings of existing instruments. Second-order change or 'programme change' refers to innovations in the policy instruments themselves. Most fundamentally, third-order change entails a true paradigmatic shift. Importantly, 'paradigm change' involves a radical rejection of how we used to think about organising society and a shift in its philosophical underpinnings. Therefore, our interest in paradigm change of EU trade policy involves not only measures that pursue free trade and export-led growth somehow differently, but more fundamentally whether its neoliberal foundations (the belief that free trade is desirable as it maximizes well-being and every deviation from that principle should be strictly exceptional and conditional) may be eroded or even replaced.

Moreover, the drivers of paradigm change are also well known. From existing studies, three conditions for change can be identified. First, the extent to which a crisis is seen as seriously undermining existing beliefs. Rather than 'objective' causes, it is important to understand the perceived roots of the crisis – which are typically manifold and hence open for political



debate. What exactly is this a crisis of, and therefore how should it be tackled? Second, whether alternative paradigms are readily available and considered to be legitimate. Does the slogan used by Margaret Thatcher that “There Is No Alternative” (TINA) still hold today? Third, how much the crisis has shaken up existing power structures. Established forces might be obligated to give up on their privileges, but they may also retain their positions and even use the opportunity to strengthen their power. Who wins and loses from the crisis and possible alternatives?

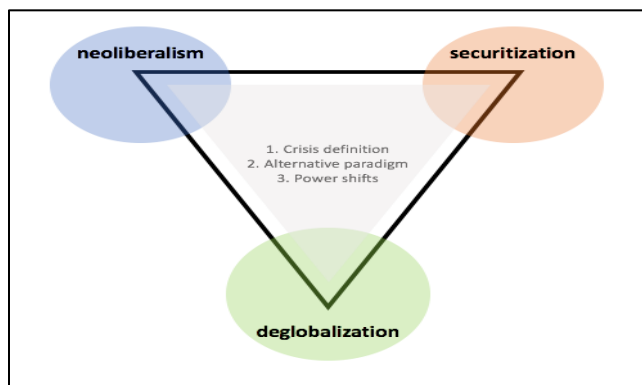


Figure 1: Paradigms and drivers of change

Hence, we need to evaluate how the corona crisis would be perceived from a trade perspective, how it affects our thinking on EU external trade, and whether it has impacted on power relations inside and outside the EU. This framework (Figure 1), which we have also explored in relation to the [EU's trade policy response to the euro crisis](#) and the current challenges in [EU development policy](#), makes it easier to structure and critically assess the impacts of the corona crisis on EU trade policy. It helps not only to put putative changes into perspective (policy shifts are not always as radical as they are presented!) but also to foster alternative imaginaries of what trade policy could be (what is out-of-the box?). While it remains difficult to know what such alternatives might be, we will below elaborate on two candidates: securitisation and deglobalisation.

But first, it needs to be stressed that despite some superficial indications of the contrary, the current free trade paradigm is not likely to go away anytime soon.

## Cent 3: Neoliberalism is Resilient and Re-inventive

Paradigm change is rare. Based on precedents, it seems premature to announce it during times of crises. Despite manifold predictions of a new Keynesian and anti-neoliberal era, the Asian and global financial disruption of 1997-1999 and the American and European banking crisis of 2008-2009, have not involved significant change. For some, these crises have damaged the legitimacy of the neoliberal paradigm, but overall, the EU has reverted to ‘business as usual’ policies. Moreover, crises might even reinforce neoliberal policies and beliefs, depending on how they are interpreted, on what beliefs are dominant, and on who is in power (see the three conditions above). As we will see below, this is a feasible scenario.

Paradigms are no fixed objects that can be overthrown with a single well-aimed shot. They are dynamic and inventive in readjusting themselves through crises. Such *creative reinvention* (rather than destruction) typically involves new policy measures and experiments that are sometimes portrayed as radical departures from previous, delegitimised practices – which adds to their legitimacy. Paradigms are continuously being stretched and transformed, without touching the underlying ‘third-order’ beliefs. One strategy in this regard is to co-opt concepts from critical corners, such as ‘[sustainability](#)’, ‘participation’, ‘partnership’, ‘[fairness](#)’, ‘global justice’, ‘resilience’, ‘[inclusion](#)’, ‘participation’, ‘[governance](#)’ and ‘multi-stakeholderism’, and soon perhaps ‘strategic security’ or ‘deglobalisation’. Once radical concepts are stripped of their political meaning and [subtly](#)

[moulded with neoliberal logics](#), they can be used in a technocratic way.

The “[strange non-death of neoliberalism](#)” has been observed before. In relation to the euro crisis, protectionism was seen as the problem and more free trade as a solution, which made the EU even [reinforce](#) its free trade orientation. While critical observers and activists saw the crisis as clear evidence of the failure of the growth-led economic paradigm, the impressive range of measures taken seemed only of first- and second-order extent. In terms of trade, the European Commission even reinforced its efforts in negotiating trade liberalisation agreements with strong economies such as Canada, Japan and the US.

Applied to today’s EU trade policy, the concrete measures and proposals that we have heard so far clearly signal continuity more than anything else. Despite calls that we may witness a new Keynesian moment or even an overthrowing of capitalism, nothing close to paradigm change seems to be happening so far. Two points are important to emphasise in this regard. First, there has been much talk about ‘reshoring’ the production of ‘strategic’ industries to Europe. This is not surprising given the inadequate supply of medical and pharmaceutical products. However, there are so far no indications that this would go beyond a limited number of ‘critical products’ such as protective workwear, ventilators and other medical equipment. It would be premature to see this as the hallmark of a new industrial policy (in fact, the EU had already adopted a [‘new’ industrial policy](#) following the euro crisis which turned out to be old wine in new bottles). Former Trade Commissioner [Peter Mandelson](#) was quick to warn that the list of “critical industries” should not be interpreted too widely and to mention an anecdote whereby the French once designated yoghurt as a strategic industry (anecdotes and stereotypes about the French are always helpful to warn against supposedly protectionist tendencies). An [influential MEP](#) and former

trade minister equally emphasised that the idea of strategic reshoring “makes sense only if it is limited to certain very specific sectors such as steel”. Similarly, the chairman of the International Trade Committee of the European Parliament, [Bernd Lange](#), qualified that “just-in time production will be reduced a little bit”. While far-reaching and permanent reshoring might entail deglobalisation, the EU’s response so far has been much more modest: compromising a bit on efficiency to guarantee supply of a confined number of products. In addition, EU trade policymakers have highlighted that the strengthening of the WTO, including the creation of an interim appeals mechanism, the so-called ‘Multi-Party Interim Arbitration Arrangement’, is all the more important [“to help us recover from this crisis”](#).

The same applies to European export restrictions. While initially there were many concerns about export restrictions of some EU member states like Germany, the European Commission quickly took the initiative to Europeanize an export authorisation regime in mid-March, which would be further narrowed down to a limited number of products by end-April. EU Trade Commissioner [Phil Hogan](#) stressed that these are emergency measures that should be “targeted, proportionate, transparent and temporary” – adding that no export restrictions should be applied in the agri-food sector; and on 16 April he reiterated that [“a full reshoring of European industries would be impossible”](#). Also the chairman of the [European Parliament](#) trade committee and the Croatian President of the [Council](#) of EU Trade Ministers nuanced the need for reshoring. The latter stated that “our immediate challenge is to keep trade flows open”.

Second, some measures *intensify* the free trade logic rather than deviating from it. We may indeed see EU trade policy going beyond the status quo by pursuing ever more liberalisation. Early April 2020, the European Commission

decided to [temporarily waive](#) import tariffs of medical devices, and protective equipment, from third countries. Similar initiatives to facilitate trade in products that are essential to fight COVID-19 are taken at the levels of the [WTO and the World Customs Organization](#). At the virtual G20 summit on 30 March 2020, Trade Commissioner [Phil Hogan](#) strongly argued to “remove all restrictive measures on imports, notably on the tariff side, that were introduced before the pandemic, and set a moratorium on new unilateral tariffs”, and to “eliminate all tariffs on COVID-19 related products”. In the same context, he urged the WTO members to urgently work on the development of international rules on digital trade. Also Bernd Lange and the [European Parliament](#) ask for the swift conclusion of an [e-commerce](#) agreement at the level of the WTO. Phil Hogan summarised his speech by arguing for “greater competition and the removal of unjustified barriers.” On 16 April, the Commissioner reiterated this call and argued for a “[plurilateral agreement that would lead to a level playing field, including the possible permanent liberalisation of tariffs on medical equipment](#)”.

Remarkably, in response to the COVID-19 crisis the European Commission also announced its intention to speed up talks with a far-reaching free trade agreement with the United States. A [Commission spokesperson](#) clarified that “efforts to improve transatlantic regulatory cooperation include areas very relevant for the fight against the coronavirus outbreak, such as medical devices and pharmaceuticals, including vaccines”. If that works out, the crisis would facilitate the finalisation of an agreement that was in its previous form (the Transatlantic Trade and Investment Partnership, TTIP) [highly contested](#) for its undemocratic and liberalising nature. The [European Parliament](#)’s international trade chair, in contrast, stated that “the United States are out of the game at the moment”.

Meanwhile, several European brands and retailers have failed to honour their contracts

with suppliers in the Global South, for instance the garment industry in Bangladesh. While the initial focus on European health and economic concerns is understandable, it remains to be seen how the EU or the member states might deal with companies that cancel orders and fail to pay for products that have already been made. The EU could take initiatives in this respect. For instance, EU member states could transpose the [Unfair Trading Practices directive](#) more swiftly and extend it beyond agri-food products to include textiles and garments. Budgetary support to European enterprises in the context of the crisis could also be made conditional on honouring fair trade commitments. It seems that EU trade policy makers have not yet communicated on this dimension of the crisis. Following the EU’s neoliberal and [‘hands off’ approach](#) to fair trade, such ethical concerns remain the responsibility of companies, while the EU typically provides development aid rather than changing trade structures. Early April, the EU announced the creation of a [€5 million emergence cash fund](#) for garment workers in Myanmar. The [European Parliament](#) does mention the interests of Southern countries, namely by emphasising that these would benefit from more open international trade.

In terms of co-optation of (formerly) critical concepts, EU trade policymakers at an informal Meeting of EU Trade Ministers on 16 April emphasise that supply chains should become [“resilient” and “sustainable”](#). Afterward, the [Dutch Trade Minister Sigrid Kaag](#) explicitly stated that EU trade deals should become more “sustainable” and “inclusive”. Previous research shows that the emergency of [“resilience”](#) and [“sustainability”](#) concepts in EU trade discourse can be quite compatible with neoliberalism.

To be sure, there are signs of stronger government intervention through trade. Mid-April the European Commission proposed a [new export authorisation measure](#) for certain items of personal protective equipment.

However, these are temporary, confined to specific products, and successfully aimed to prevent export restrictions *within the EU* and guarantee the internal market. The Commission also published guidelines on screening of incoming foreign direct investment, aimed to [avoid “predatory” take-overs of weakened and strategic European firms](#) such as pharmaceutical enterprises developing a vaccine. However, this merely concerns legislation that was approved already in 2019. And while many analysts have quoted the French Minister Le Maire’s statement about “economic sovereignty”, “reorganisation of value chains” and “legitimate protectionism”, they often fail to notice the [explicit statement that the protection of strategic industries will not concern a major shift towards economic intervention and that any nationalisation would be temporary](#). As noticed by Le Maire himself, the position is quite consistent with French approaches to political economy at the EU level over the past years. More generally, it should be noticed that French calls for protectionism seem to be a typical ingredient of economic crises – see also the global financial crisis of 1997-1999 and the eurocrisis of 2008-2011 – and [should therefore be taken with a grain of salt](#). It is also clear that the French government does not argue for alternative production models involving less economic growth.

Overall, it would be premature, to say the least, to see Le Maire as the vanguard of the deglobalisation paradigm. Similar disclaimers apply to the Dutch Trade Minister’s plea for rethinking EU trade deals to make them more sustainable and inclusive: these concepts have in recent years been successfully combined with a neoliberal trade course (see above) and the Minister clearly adds that the Netherlands remains an “open trade country”, that Europe should keep faith in “global trade and global value chains”, and that the Commission should take up initiatives that are “based on the rules of the World Trade Organization”. Similarly, [Bernd](#)

[Lange](#) argues for “due diligence” legislation and making sure that the global supply chains are “really fair”. In a [resolution](#), also the European Parliament states to be “convinced that corporate human rights and environmental due diligence are necessary conditions in order to prevent and mitigate future crises and ensure sustainable value chains”. Again, however, this is in line with previous demands and the free trade and growth model is not questioned.

In sum, what we have seen and heard on EU policy measures so far suggests continuity, with some first-order change. Interventions have been relatively limited and embedded within a free trade discourse. It should also be noted that even the neoliberal night-watchman state would not exclude firm government intervention during times of emergency. Proponents of this vision have recognised that in the very acute phase of the crisis, “we are all Keynesians”, but are already calling for a return to ‘normal’ as quickly as possible. Meanwhile, there have been initiatives for further liberalisation and strengthening of the WTO. Ongoing negotiations of free trade agreements with Australia and New Zealand – which arguably do not contribute to shorter supply-chains or reshoring ambitions – have not been questioned by the main trade policymakers in the Commission, Council and Parliament. On 28 April, the Commission concluded an ambitious trade agreement with Mexico.

	<b>Main goal</b>	<b>Democracy</b>	<b>Problem</b>	<b>Solution</b>
<b><i>Neoliberalism</i></b>	Growth	Liberal democracy (elitist)	<ul style="list-style-type: none"> <li>- Virus / health</li> <li>- Production capacity</li> <li>- Export restrictions</li> <li>- Economic impact of lockdown</li> </ul>	<ul style="list-style-type: none"> <li>- Temporal restrictions on specific products → little less trade</li> <li>- Produce more → more trade</li> <li>- Lower tariffs → more trade</li> <li>- Economic growth → more trade</li> <li>- e-commerce agreement and stronger WTO → more trade</li> </ul>
<b><i>Securitization</i></b>	Security	Illiberal / authoritarian (right-populist)	<ul style="list-style-type: none"> <li>- Foreigners</li> <li>- Liberalism</li> </ul>	<ul style="list-style-type: none"> <li>- National protectionism → less trade</li> <li>- security / geopolitics → less trade</li> </ul>
<b><i>Deglobalization</i></b>	Human thriving / Eco-balance	Radical (left-populist)	<ul style="list-style-type: none"> <li>- Relation to ecosystem</li> <li>- Neoliberal globalization</li> </ul>	De/postgrowth, post-development, doughnut → (much) less trade

Table 1: What's the problem? Causes, solutions, and EU trade policy

In order to understand this status quo, we refer to the three conditions above. The perception of the crisis seems particularly important. In the ongoing discursive struggle on the nature of the crisis – the causes and solutions – those advocating the status quo point at three causes. First, the crisis as a quirk of nature (indeed, a virus). It is an *externality* that requires technical solutions and emergency measures. There is hence no need for structural changes. Second, there is a problem of insufficient capacity to produce equipment to fight COVID-19 and insufficient strategic reserves of such products. The best 'guarantee' to solve this is through "[the global integration of supply chains](#)". Hence the problem lies with the supply side, which should be adjusted; and the maximum that governments can do is "encourage all manufacturers" to increase capacity, not by investing in these industries but by "making standards for medical supplies freely available

to any interested company". As said above, another response has been to abolish tariffs for imports of medical equipment, which will, according to EU Commissioner for Economy [Paolo Gentiloni](#) "help (European health workers) to receive the equipment they need to protect themselves and continue saving lives". Reshoring should be limited to a specific number of products. In this regard [Bernd Lange](#) refers not only to the fact that the price of products might increase as a consequence of reshoring, but also to the harmful impact of reshoring production on developing countries that rely on exports of textile and other products to Europe. Third, the export restrictions that some EU member states and other countries have imposed on critical equipment are framed as the problem – not the solution. They are framed as instances of 'coronationalism' that endanger the European project. Thus again, the solution is more free trade. As argued by the



[Simon Evenett](#), director of Global Trade Alert and influential free trade advocate: trade barriers put “countless lives at risk” whereas open trade can help in “fighting the pandemic” as well as the “future economic fallout”.

Whether this narrative would be successful, depends also on whether alternative paradigms are available and accepted by those who occupy power positions. Although the neoliberal paradigm may once more lose some of its feathers, and [EU policymakers may be less convinced](#) this time, compared to the time of the euro crisis, that free trade is the solution to the crisis, it remains hard to find challenging paradigms that are comprehensive and that receive wide support. Indeed, it seems that “There Is No Alternative” (TINA). The [myth](#) that we all have benefited from free trade (‘win-win’) after the second world war, which was caused by protectionism in the 1930s, remains intuitively appealing. Against this background, numerous observers have warned against ‘coronationalism’ related to protective trade measures.

It is also a powerful narrative. Not only export competitive businesses in the ‘North’ benefit from free trade but also ‘emerging’ (or emerged) economies such as China have a strong interest in pursuing free trade. Despite second-order variations, also states such as China, Brazil, India and South Africa have embraced the growth-based paradigm. Within the EU, Business Europe, the biggest EU lobby group of corporations, and the pharmaceutical industry associations have explicitly [demanded](#) to “to maintain open trade and efficient supply chains, both within the EU and with the EU’s trading partners” and to “manifest the EU’s leadership role in defending an open and rules-based global trading system”. Influential [think tanks](#) also highlight the need to avoid trade restrictions and promote liberalisation to address this crisis. This is a message that very much resonates with the European Commission’s response as stipulated above.

Nevertheless, there are alternative views in the making and the current crisis might strengthen them. We have shown above that the EU is stretching the neoliberal paradigm rather than replacing it with something else. However, if stretched too far its legitimacy may be undermined. The next section warns that in addition to deglobalisation, also securitisation might be a candidate for paradigm change.

## Cent 4: The Alternative May Not Be Romantic

Progressive thinkers and activists arguing for deglobalisation surely have a point that There Are Many Alternatives Ready and Available (TAMARA) that have been developed before the outbreak of the corona crisis. There have been plenty of calls for [degrowth](#), [postgrowth](#), [postdevelopment](#), [foundational economy](#), [economy of the common good](#), [circular](#) and other [doughnut](#) economies. Thought exercises on progressive, emancipatory and transformative alternatives have received a growing popularity – and for good reasons. Experiments with more sustainable food chains, alternative energy arrangements and banking systems have been mushrooming, particularly at the local level. Such initiatives may be less prominent in news reporting on the crisis, but they are happening on the ground. The deglobalisation scenario involves the disintegration of global value chains. It aims for more local and sustainable trade flows, and hence also less trade overall. However, that does not exclude solidarity at the international level. [Radical reforms](#) of the world economy should address social and ecological injustices, for instance by reforming international institutions such as the WTO and the World Bank, guaranteeing fair taxation of multinational companies, providing debt relief for highly indebted countries, re-establishing capital

controls against speculative capital, and indeed legitimate brakes on global trade.

The problem may not be the substance of the proposed alternatives, but rather the lack of a clear and single model (condition 2) that receives wide acceptance with those in power (condition 3). When the world shifted to Keynesianism in the late 1940s, this not only followed the disaster of a second world war but also the general acceptance of the ideas of John Maynard Keynes, which had been elaborated and even partly applied in the 1930s. The [turn to neoliberalism](#) in the late 1970s and 1980s followed not only a decade of stagflation but also 30 years of advocacy of alternative economic ideas by Milton Friedman, Friedrich Hayek and their followers. Unfortunately, advocates of deglobalisation have not yet reached such a prominent status, and certainly not with those in power. There also seems disagreement between progressive thinkers about the role of economic growth (versus degrowth?) and whether the WTO should be reformed or replaced by a more legitimate institution.

To be sure, deglobalisation alternatives are in a stronger position than they were during the crisis of 2008. Activists can rely on previous experience, networks and expertise. Relating to trade policy contestation, there is experience with the '[Seattle to Brussels Network](#)' and the '[Alternative Trade Mandate](#)'. There are already meaningful changes following the 'coronashock', such as the city of [Amsterdam](#) embracing [Kate Raworth's doughnut model](#) at city level, and a recent [Financial Times \(the newspaper of the global financial elite\)](#) editorial arguing that formerly utopian ideas such as a "wealth taxes" should now be taken seriously. French President Emanuel [Macron](#) pleaded for a "massive debt cancellation for African countries". Let's see if such initiatives are the harbinger of paradigm change or rather another co-optation strategy whereby

(formerly) radical concepts are hollowed out. The proof of the doughnut is in the eating.

On a structural level, the failure of the 'west' to address the current crisis may catalyse the '[dewesternisation](#)' and even the '[decolonisation](#)' of the world. This involves a material shift in power, for instance through the renegotiation of EU trade agreements with African countries and the [strengthening of the African Free Trade Agreement, as argued by David Mwambari](#). At the same time, as noted by [Olivia Rutazibwa](#), it involves an epistemic shift of the "geopolitics of knowledge" whereby "western superiority" receives a blow and "alternative (anti-colonial) solidarities" emerge. In terms of alternatives to neoliberal globalisation, it will be important to follow-up on whether the corona crisis effectively shakes up global power structures and how exactly new powers stand towards the free trade dogma.

It is also unclear how successful deglobalisation advocates will be in interpreting the current crisis for their agenda (condition 1; see Table 1). When it comes to the cause of the epidemic, two issues have been stressed. First, the growing number of zoonotic diseases (such as Ebola, swine flu, and COVID-19) stems from [the increased expansion of humans in previously undistorted ecosystems](#). Equally, critics have pointed to [links between zoonotic epidemics and the growth of industrial farming](#). The consequence of this analysis is that humans should find a new balance with ecosystems, as environmentalists have been arguing for decades. Or concretely, that people should [shift to plant-based eating](#). Specifically relating to EU trade policy, there have already been calls from some members of the European Parliament and environmental groups to [ban wildlife trade](#). Given the amount of legal and illegal trade of exotic animals in the EU, a new zoonotic disease could as well have emerged in Europe instead of China, [they argue](#). Second, globalisation has made it easier for viruses to quickly spread all over the world. The current crisis exposes the

vulnerability of world-wide transaction flows. Worldwide trade and mobility have made our societies extremely vulnerable for the spread of diseases, while global value chains have exposed our dependency on key equipment such as masks or ventilators and have made us generally vulnerable for distortions that may occur unexpectedly in the 'just-in-time' delivery model that characterise these value chains. As with the climate crisis, the COVID-19 episode once again illustrates that our obsession with economic growth leads to unsustainable outcomes. It also reinforces inequalities within and between societies. Interestingly, not only the ascribed *causes* of the crisis but also the *current response* is being interpreted as something that can favour this agenda. By putting a break on globalisation, we are now forced to cope with negative growth, to reconsider local production, to break global value chains, and to strengthen solidarity between people. As the [fair trade](#) movement puts it, the crisis provides an "opportunity to radically rethink the unsustainable and unequal global growth model and replace it with an emphasis on well-being, sustainability and equity". Strengthened by evidence that the lockdown societies have shown exceptional solidarity between people and changed our views on work-life balance and the need of a healthy life, this scenario would advocate a radical restructuring of the global economy towards more local and sustainable units. In this scenario, degrowth is likely while social and ecological concerns drive trade (and other) policies. Inevitably, this involves the marginalisation of trade policy in the armoury of the EU and/or the renegotiation of bilateral and multilateral trade agreements into arrangements that foster sustainable trade.

It is too early to assess how convincing this problem definition would be, and as argued above whether it will manage to present a clear alternative and powerful paradigm. It is more likely to become successful if the [corona crisis](#)

[turns into a crisis of food security](#) and also [damages the EU system of food supply](#). European civil society organisations claim that the current crisis shows the need for an [ambitious 'Farm to Fork' EU food strategy](#); although a food crisis could be interpreted as [evidence for the need of even more free trade](#). So far, open trade has been the dominant EU discourse in reaction to the crisis, as explained above. European trade policymakers have not fundamentally questioned global value chains - except that for specific products reshoring back to Europe has been advanced and it has been argued that global value chains need to become 'resilient', 'sustainable' and 'inclusive'.

Instead, there are indications of the trade measures that might herald another paradigm, namely securitisation. There are indeed also not attractive alternatives (TAANAA). Under the more dangerous 'securitisation' paradigm, nation-states (or perhaps the EU as a whole) pursue first and foremost their security and sovereignty in what they consider a Hobbesian world where people and countries are in a continuous struggle for survival. This basically corresponds with what International Relations scholars, cynically, call the 'realist' school. Liberal values such as freedom of speech and international interdependence become subordinated to the overriding goal of security. The securitisation paradigm involves a high suspicion towards anything 'foreign' and ever-changing coalitions of allies and enemies at the international level. The corona crisis is then above all a security threat, even a state of war, that needs to be combatted with all available forces and at the expense of liberal democratic values.

How would these movements then interpret the corona crisis for their own benefit? Two points can be suggested (see Table 1). First, 'foreigners' would be blamed for the virus. There is anecdotal evidence of rising hostility against Chinese nationals in the beginning of the corona crisis, and Asian hostility against

Europeans in the subsequent phase. In public debates, the fact that the virus ('again') came from China has confirmed latent racist stereotypes about the habits of Chinese people ("eating wild animals") or even confirming conspiracy theories ("it was a biological weapon produced in a Chinese lab"). US President Donald Trump's framing in terms of the 'China virus' or 'Wuhan virus' fits in this context. Second, liberal values may be framed as obstacles against the security of the state and its people. In this regard, authoritarian states such as China or Vietnam could serve as an example of how a health crisis should be addressed. Those countries that take most pride in their liberal superiority and initially assumed that the corona crisis could be averted without strong government intervention - the United States and the United Kingdom - have proven to be hopelessly naïve. As noted by a [Chinese diplomat](#), 'some western countries are starting to lose confidence in liberal democracy'.

In this scenario, trade policy loses its relatively autonomous position in the EU's institutions. Trade instruments become geostrategic tools of the EU's foreign and security policy. Although economic growth continues to be important, it is no longer a panacea. Instead of pursuing free trade under the assumption that - eventually - everyone will benefit, trade policy henceforth discriminates specific countries depending on whether they are allies or enemies. Institutionally, trade policy would be transferred from the European Commission to the European External Action Service (EEAS) or even back to the member states.

This scenario may (hopefully) seem unlikely. However, it resonates with anti-liberal, radical right-wing forces that have been emerging in Europe (and elsewhere) over the past decades. In other words, the securitisation scenario is already being written as an alternative paradigm against the 'liberal' and 'cosmopolitan' elites. Moreover, authoritarian regimes are already effectively using the crisis

for their own agenda, as we have seen in Hungary. Also mainstream politicians in Europe - for instance, French President Emmanuel [Macron](#) - have frequently used war-related terminologies to justify the fight against corona. Interestingly, the perceived danger of strategic companies losing control to China was not only discussed around the (virtual) meeting tables of Trade Ministers: also the [NATO Defence Ministers](#) discussed the issue on 15 April 2020. In other words, the three conditions for paradigm change in this direction are partly fulfilled.

When it comes to EU trade policy and external relations in general, securitisation tendencies have already been noticed in recent years. [Scholars](#) have pointed out that the EU's neoliberal agenda also tends to shift towards securitisation). Some have coined the new trend of [geopoliticisation of EU trade policy](#). It may also fit within the ambition of Commission President Ursula von der Leyen to become a 'geopolitical Commission'. The 'hardening' of the EU's commercial policy can be seen most notably towards China, which was recently labelled an '[systemic rival](#)' by the European Commission. In the context of the corona crisis, the Commission decided to publish [guidelines on screening of incoming investments](#), which might entail a stronger approach than what was agreed in 2019. While the Commission continues to argue in favour of 'open trade' and 'open investment', some member states are clearly keener on protecting national and/or European markets.

Undoubtedly, we are far from a full-fledged securitisation and any indications should be interpreted cautiously. Our main point is that if a true paradigm shift would happen, the progressive deglobalisation scenario is not the only candidate, and we should keep an eye on the alternative of securitisation. Pursuing the end of neoliberalism carries the danger to throw the baby out with the bathwater - or the *liberal*



values of western democracies with the 'new' radical agenda of the 1980s to deregulate, privatise and liberalise at the expense of collective interests. In addition to watching closely how things evolve, concrete actions of individuals and groups also matter as highlighted below.

## Cent 5: Agency Matters

People make a difference. None of the changes or continuities are fully determined by some logic that is outside human behaviour. All three conditions for change - the perception and interpretation of the crisis, the construction of alternative paradigms, and shifting power relations - implies a struggle between people. On EU trade policy, we have seen that the scope of conflict has radically enlarged since the 'battle of Seattle' in 1999, the campaign against the Economic Partnership Agreements in 2007-2008 and most famously the protests against the free trade agreements with the US and Canada. The genie is out of the bottle and trade policy will be at the centre of any debate on the future of the EU.

That said, structures are adaptable and resilient. Just like it took Friedman, Hayek and other members of the Mont Pelerin Society several decades to create, defend and disseminate their ideas before they became dominant in the 1980s, so can we see that today people from diverse corners are '[bricolaging](#)' alternative ideas against neoliberalism. The anti-TTIP campaigns have been relatively successful because they [draw on networks and expertise](#) that activists and researchers had started to build in the end 1990s during the protests against the WTO. While a crisis can hit hard and fast, paradigm change is likely to be a matter of generations. How this evolves depends on how millions of individuals and groups challenge existing ideas and structures.

## Conclusion

The EU's trade policy response to the corona crisis has so far been [in line with the reaction to the euro crisis](#): export restrictions should be limited and temporary, open trade is essential for guaranteeing medical equipment, more liberalisation will be part of the solution and may eventually be necessary to recover from the economic fallout. While the problem is framed in terms of technicalities (health system functioning and productive capacity of key industries), solutions comply with the EU's strong belief in the benefits of free trade and remain at first- or second-order levels.

We have suggested that the neoliberal paradigm remains powerful and displays resilience, despite the emergence of alternatives such as deglobalisation (the progressive scenario that involves radical democracy) and securitisation (the conservative scenario involving anti-liberalism and authoritarianism). The latter should not be underestimated. Recently, Thomas [Piketty](#) warned that if Europe does not manage to 'tame globalisation' and address inequalities that are exacerbated through the COVID-19 crisis, further victories of right-winged populist parties can be expected.

There is no doubt that the neoliberal free trade paradigm will continue to be challenged and eventually replaced. It is however highly speculative when and how this will happen - and what role the COVID-19 might plays in this regard. Going back to our initial remark: it is complicated. First, the paradigms are ideal typical and still sketchy. Thinking about alternative paradigms by definition involves an exploration of the unthinkable. We have indications of deglobalisation and securitisation, but their contours remain vague. There may also be alternatives that we have not considered. It would be easier to analyse whether trade policy initiatives taken in the

current crisis make the EU slightly more protectionist or liberalised. While it is important to map such first- and second-order changes, it is equally crucial to perform some academic distancing and understand how these measures relate to paradigm change. This requires much more in-depth research that relies on different disciplines.

Second, we may witness the confluence of different paradigms. Societal changes typically involve the implicit or explicit cooperation of strange bedfellows. Sticking to the trichotomy, we could identify three coalitions. First, neoliberalism and securitisation proponents have in common that they don't fundamentally question the holy grail of economic growth. Both are wary about emancipatory politics that aim to address social and ecological injustices. Indeed, also in the context of the EU, scholars have pointed to the ['authoritarian' nature of neoliberalism](#). Second, the securitisation and deglobalisation advocates obviously share an aversion to the current political and economic elites. Both are also open to more protectionism, and hence less free trade. Here too, we could find indications in arguments against dependency on global value chains, and in favour of reshoring and even nationalisation of strategic industries. Third, the neoliberal and deglobalisation scenarios share common roots in liberal philosophies. Although these play out differently, commonalities might become visible through shared opposition to authoritarian movements. Hence, the trichotomy is not a trilemma but rather a device to reflect on possible paradigm change, thereby transcending the oft-made distinction between free trade versus protectionism. Which paradigm will reign in the future may well depend on how successful these alliances turn out to be.



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