

Creating International Standards for Multilateral Cooperation

A European Perspective

Former President of the European Commission, Jean-Claude Juncker, said in his State of the Union address on 12 September 2018 on the concept of shared sovereignty:

“Together, as a Union, we can plant the seeds of a more sovereign Europe. [Shared sovereignty] can never be an excuse for withdrawing from the world, but is rather an encouragement for our continent to assume more responsibility — Europe is a continent that can never be an island, but will only prosper if we are connected to the world...”

“Shared sovereignty emerges from the sovereignty of the member states and makes member states stronger...it enables us to offer collective solutions to collective problems” said Juncker.

The European Union is built on law, on Treaties, works in common institutions (in one of which I have the honour to serve), with rule-based decision-making mechanisms but is founded on voluntariness - as Brexit can prove.

‘Sharing sovereignty’ sounds catchy and simple but is in the reality of a rule-defined system, based on voluntariness much more complicated.

It is a platitude but still true that the European Union grew and deepened rather through crises instead of being built evolving, systematically, along once agreed propositions.

The project of the Monetary Union remained incomplete, because mechanisms to achieve and control fiscal discipline and a certain

integration of the banking and capital market sector failed or were postponed due to resistance by some Member States - the Euro Crisis was a result of these initial shortcomings. The common understanding for the need of a common solution arose only with the crisis. Same applies for the Schengen system and the Refugee Crisis;

What does all this have to do with our topic today?

Multilateralism is in the DNA of European Union: the underlying idea, the mechanics of its functioning and decision-making are the same and the potential/the chances but also the challenges the EU has in common with multilateral structures worldwide.

The European Union, formed by voluntary agreements between first 6, then 9, 12 and nowadays 28 Member States is built on the idea, that all members give something up to gain something: sovereignty, development, market access, resources. A true win-win situation. Giving and gaining - or in other words "a fair and balanced compromise". Everyone together in the union is stronger than each of them individually.

The political scope, the fields of cooperation increased over the decades but the political challenge for the decision makers and the principal question for the people in our societies were always and are still: to find the right balance between giving and gaining.

Does giving national sovereignty to the community level lead to more effective solutions for common problems?

Does giving resources to the Union lead to more stability and development in the Member States?

Does opening markets for everyone in the Union lead to more growth and jobs for the people in all countries?

Does creating standards for freedoms, democracy and rule of law improve the governance and the rights of citizens everywhere?

These questions are raised every day and the answers are not simple because there is often not an obvious link between the Swedish taxpayers' Euro invested for an infrastructure project in Spain and the living conditions of a Bulgarian farmer. But the Swedish, the Spanish and the Bulgarian illustrative citizens are subjects in our democratic system and they request and deserve an

answer when they question the legitimacy of a sovereignty transfer.

The title of this panel is "Creating international standards for multilateral cooperation".

Setting standards means structuring, it follows the idea of an order, which everyone is supposed to respect.

If you ever have the chance to speak with experts in the field of international industrial standardization, you will all of a sudden discover an exciting world of alliances, conspiracies, wars which does not have to stand back behind the plots of "Game of Thrones" (I know, it's also popular in China) in terms of entertainment and thrill - but all this happens behind closed doors of very technical international bodies and the common public almost never gets involved or interested.

This aspect is fundamentally different, when we come to multilateral cooperation in more political areas.

The ability or disability of multilateral cooperation and its structures to address common challenges is increasingly assessed.

The positive or negative impact of decisions or indecisiveness of multilateral fora became a matter of public awareness and scrutiny worldwide - last but not least in the age of digital communication.

Most of our nowadays multilateral organizations were created within the last 100 years and it is obvious that the world changed fundamentally since then.

Geopolitical powers emerged and declined, centers of economic gravity shifted and multilateral structures are expected to consider this.

As decision-making in structures based on voluntariness is complex and long lasting, it is logical that many of these structures struggle to develop new solutions for a changing world.

Nevertheless, I would distinguish between new standards and new mechanisms; between underlying principles and practices to accommodate different interests by the only available means of compromise.

The Alliance for Multilateralism, formed by more than 50 Foreign Ministers' in September 2019 defines as objective "to protect, preserve and advance international law", to "further develop and thereby strengthen the multilateral system" and "to reform and to modernize existing international institutions, in order to make them more inclusive, representative, democratic, transparent, accountable and more effective in their functioning as well as in their capacity to deliver tangible results to citizens".

We don't need to create new standards for multilateral cooperation, these standards exist; we may need to advance and to modernize them but the real danger to multilateralism today is that more and more parties lose the confidence in the ability of multilateral organizations to solve existing problems and conflicts.

Our multilateral structures are questioned from within, by members who don't abide by the rules, by members who feel that the rules don't meet their interests and by members who feel that the structures are too weak to enforce the rules to the disadvantage of the rule-abiding partners.

But the structures are also questioned from outside - to use the wording of the Alliance for Multilateralism - by citizens who feel that multilateral structures lack the "capacity to deliver tangible results".

I want to take the governance of global trade as an example. I choose this example because trade related matters, that were for decades only a domain for specialized lawyers, became part of the public debate in many of our countries.

As European People's Party: Christian-Democrats / centre-right forces in Europe which we are, we traditionally promote social-market economy, rule based competition, open markets, free and fair trade. But even within our core base, the traditional pro-globalization and pro-open-trade narrative is increasingly questioned.

Having said this, I guess I do not need to elaborate further on the effects that disappointments or doubts over the established systems of multilateral governance have among the traditionally more globalization-critical political environments of the Left and the Right in our societies.

Four years ago, we were discussing the Market Economy Status of China. This Market Economy Status is in principle a very technical

instrument in WTO Trade law to deal with anti-dumping procedures. But all of a sudden this became highly political. Representatives of Labor Unions jointly and united with representatives of big heavy industry (normally the two are on different sides of the trenches) met with politicians and officials all over Europe, to discuss the Market Economy Status of China ... and steel overcapacities.

You may know the next chapters of the "Market Economy Status" story. On the steel overcapacities, 33 economies including all G20 members formed the Global forum on steel excess capacity under the umbrella of the OECD.

The European Union was leading in this process because we believe in multilateral fora to solve international conflicts of interest.

The US choose a different path. In March 2018 the US imposed tariffs of 25% on steel from most countries. In June 2018 these tariffs were extended to the EU, Mexico and Canada.

The underlying problem for the US and for the European Union was the same. A sector of our industry with 2.6 million job in the EU suffers from dumping and subsidies of certain WTO members.

The President of the European Commission at that time (since 2014) was Jean-Claude Juncker from Luxembourg. Before Jean-Claude Juncker became Secretary of State for Labor and Social Affairs in Luxembourg, later Minister for Labor and Finances and finally Prime Minister of Luxembourg, he grew up as son of a steel worker in a housing compound of a steel mill. His father was a steel labor union activist. When the European steel sector came under pressure - not only but also - because of global steel overcapacities, Commission President Juncker's responses were as well guided by his upbringing. He very personally knew the needs and sorrows of a steel depending community.

The European Union favors a multilateral solution. The US did not believe in the ability of multilateral structures to enforce rules and to deliver tangible results any more.

Over three years this steel overcapacities forum brought some results but could not solve the problem. One month ago, China decided to leave the Global forum on steel excess capacity. 32 members of the forum continue the work and the EU expressed the hope that China - as producer of more than 50% of steel worldwide - may join the platform again.

Why do I make this a personal story? When we speak about a rule-based multilateral international order, that we all embrace and promote, we have in mind the atmosphere of international summits, of confidential back room talks between global leaders and the fine rhetoric of summit conclusions.

But the people, our citizens and voters, they don't care and don't understand the language of the leader's speeches. And whether they trust them depends on how the outcome improves their lives.

A Donald Trump does not come out of nowhere, right and left populists in Europe and elsewhere don't fall off the sky. They are elected by people who don't care about a rule-based multilateral order, they are only interested in tangible results.

If we are not able to deliver, if we play for time instead, not addressing conflicts of legitimate interests and seeking compromises, the enemies of multilateralism will win.

I would conclude, that rule-based multilateral cooperation can and should be protected, preserved and further advanced. But it requires an honest commitment, a serious openness for the legitimate interest of all sides and willingness to achieve compromises: taking and giving. Only then we have something that we can endorse as a win-win situation. This is the fundament for viable multilateralism. It is in our hands to choose this path for our future.