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The Power of Economic Ideas: A Constructivist Political Economy of EU Trade Policy

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Abstract

The European Union's (EU's) 2006 *Global Europe* communication established an offensive Free Trade Agreement (FTA) agenda premised on serving the interests of the EU's upmarket exporters at the expense of the EU's remaining 'pockets of protection'. This has remained in place with the advent of the 2010 *Trade, Growth and World Affairs* strategy. Such a development defies both rationalist International Political Economy (IPE) explanations – which emphasise the protectionist bias of societal mobilisation – and accounts stressing the institutional insulation of policy-makers from societal pressures because the recent economic crisis and the increased politicisation of EU trade policy by the European Parliament have coexisted without leading to greater protectionism. Adopting a constructivist approach, we show that this turn of events can be explained by the neoliberal ideas internalised by policy-makers in the European Commission's Directorate-General (DG) for Trade. We then deploy a novel heuristic to illustrate how DG Trade acted upon these ideas to *strategically* construct a powerful *discursive* imperative for liberalisation.

Keywords

Constructivism; EU trade policy; strategic discourse; Europe 2020; Global Europe; economic crisis

The "Global Europe" communication announced in October 2006 by the European Commission's Directorate-General (DG) for Trade represented an important shift in the European Union's (EU) trade strategy. It led the EU to embark on a series of ambitious Free Trade Agreement (FTA) negotiations with emerging economies in East Asia, with the first agreement being signed with South Korea in 2010. At the heart of this strategy lay a willingness to serve the interests of the EU's upmarket exporters at the expense of protectionists; the EU-Korea FTA represented a case in point as the EU obtained a substantial liberalisation of services and investment in exchange for opening up the EU automobile market, at a time where the industry was reeling from the effects of the most significant economic crisis in recent decades (Siles-Brügge 2011). Since then, and under the leadership of Karel De Gucht who took over as Trade Commissioner in February 2010, there has been a move towards consolidating the EU's offensive "Global Europe" agenda in the new *Trade, Growth and World Affairs* strategy. Serving the EU's high-end export interests (particularly in services and investment) through ambitious FTAs – and doing so at the potential expense of protectionists – is still an overarching feature of DG Trade's agenda in the on-going negotiations with India; here DG Trade is countenancing to make concessions on the highly controversial issue of mode 4 services (the movement of natural persons to deliver a service, usually an issue associated with immigration) in exchange for a sufficiently attractive liberalisation offer from the Indian side. Even a new emphasis on 'reciprocity' in trading relations – a discourse traditionally associated with protectionism in EU trade policy – seems to be aimed at improving the EU's offensive trade negotiating leverage while minimising the threat of protectionist fallout. The evidence, so far at least, suggests that despite the recent economic crisis the EU has been able to conduct an aggressive outward-oriented trade policy which has the potential not only to boost exports but also to cause significant *pain* to import-competing interests.

This poses a problem for much of the rationalist International Political Economy (IPE) literature on trade policy. The acknowledgement of collective action problems – that protectionists are more likely to mobilise and shape policy than the 'winners' from liberalisation, due to the concentrated and more immediate nature of the losses incurred and the greater diffusion of the benefits (Olson 1965) – has meant that accounting for liberal trade policy outcomes has often been seen as an intellectual puzzle for such scholars. In the specific case of preferential liberalisation, the consensus seems to be

that this is often preferred to multilateral trade-opening *precisely* because it is more likely to be “partial”, offering key market access gains without the usual countervailing concessions in import-competing sectors (see, in particular, Dür 2010). In other words, gains for the beneficiaries of preferential liberalisation are unlikely to be sought by policy-makers at the (significant) expense of other sectors. This is, however, precisely the *crux* of the EU’s offensive commercial strategy, which so far has confronted one powerful economic sector (automobiles) and seems set to cause controversy over mode 4 at a time of economic crisis. This seems to suggest, *a priori*, that more could be gained from the rational institutionalist literature on EU trade policy, which points to the institutional insulation of policy-makers from protectionist pressures (see Meunier and Nicolaïdis 1999; Meunier 2005). Recent studies, however, have clearly shown that protectionists in the EU enjoy good access to policy-makers, whether during the negotiation of the EU-Korea FTA (Siles-Brügge 2011) or over proposals to reform EU anti-dumping regulations (De Bièvre and Eckhardt 2011). This has been rendered all the more poignant by the rise of the EP as an actor in the EU trade policy-making machinery following institutional changes wrought by the Treaty of Lisbon. This has, in the eyes of some analysts, the potential to further politicise the EU trade policy-making arena (e.g. Woolcock 2008). The puzzle, in sum, is explaining *why* DG Trade continues, particularly in the wake of the economic crisis, to push the offensive trade agenda set in motion in *Global Europe* (and which privileges pro-liberalisation over defensive societal interests) and *how* it remains successful in this endeavour.

This analysis suggests adopting an agent-centred constructivist political economy approach that stresses the constructed nature of social reality. The theoretical point of departure emphasises the role of “globalization discourses”; these have not only shaped the beliefs of political actors (the so-called “reflexive” dimension to discourse) but have also been at the heart of discursive strategies to construct ideational imperatives to legitimate otherwise controversial neoliberal economic programmes (the “strategic” dimension to discourse). The argument is that while policy-makers internalised a neoliberal discourse on the desirability, but ultimate political contingency of trade liberalisation, they used a far more necessitarian discourse in their public pronouncements in order to legitimate their agenda of market-opening. We also develop an analytical strategy premised on contrasting these two discourses that allows us to conclude that policy-makers *strategically* used such ideas as instruments of power, thus also offering an important contribution to the burgeoning literature on “communicative” discourse. It is important at this stage to emphasise that this does not suggest that rationalist accounts of trade policy cannot explain recent developments in the EU’s foreign economic relations. Indeed, previous studies have rightly pointed to the important role played by exporters (in particular service suppliers) in pressuring the Commission to adopt a preferential trade strategy (*Global Europe*) in the first place (Dür 2010; Heron and Siles-Brügge 2012). Nonetheless, even though such accounts may partly explain the turn to preferentialism they cannot, on their own, explain why in adopting such a trade strategy the Commission chose to privilege the interests of exporters at the expense of importers – given that it purposefully chose to trade away the EU’s ‘pockets of protection’ for market access. Rather our analysis suggests that we need to also consider the neglected role of ideas and language in the governance of trade policy.

First, this article develops the constructivist theoretical framework to study the role of strategically-deployed economic discourses of economic constraint. Second, it charts the internalisation of neoliberal ideas by actors in DG Trade, finding that since the 1990s policy-makers have consistently espoused a view of trade liberalisation and globalization as both desirable, yet ultimately contingent upon political processes. Third, it examines how these ideas have shaped EU trade policy since the advent of the crisis, focusing on the EU’s offensive preferential trade agenda. Finally, it considers how DG Trade has constructed an ideational imperative for liberalization and how this discursive strategy

has, so far, been successful, to close on some reflections on the future of EU trade policy.

CONSTRUCTING EXTERNAL ECONOMIC IMPERATIVES

Using the term constructivism inevitably evokes a tradition in International Relations (IR) theory mostly associated with the writings of Alexander Wendt (1999). However, this article follows others in seeking to move beyond IR constructivism's structural determinism and neorealist-inspired state-centrism (e.g. Hay 2002; Parsons 2007). In this vein, the rather persuasive and intuitive ontological position on which to base this newer brand of constructivism is the belief that social and political reality is *constructed* by agents through ideas rather than being *fixed* by particular material (or what could be called "structural") constraints, as in rationalist accounts. An important feature of this approach is the emphasis placed on attributing a specific *causal* role to ideas in political analysis, in other words, determining *why* such ideas have mattered in the determination of political outcomes. In this vein, the purchase of neoliberal ideas in academic and policy-making circles suggests that a powerful reason why ideas matter in the international political economy is that they are treated by actors as though they were material straightjackets. The argument made by some is that neoliberal tenets are increasingly treated as 'normalised', that is, as reflections of a reality in which the rational *homo economicus* is the main determinant of social outcomes, rather than as a "normative" framework, advocating policies seen as desirable (Hay 2004b). This is particularly relevant for the domain of trade policy, where neoclassical economic theory still underpins most policy analysis and academic debate in IPE (for an exception to this, see George 2010). A (constructivist) political economy approach, as Charles Maier (1988: 6) puts it, explores the constructed nature of such models, 'regard(ing) economic ideas and behaviour not as frameworks for analysis, but as beliefs and actions that must themselves be explained'.

This is the aim of a literature that has concerned itself with the discursive construction of globalization as such an economic constraint, taking as its point of departure the debate between advocates of the "hyperglobalization thesis" and its sceptics (see Ohmae 1995; Hirst and Thompson 1999). Rather than accepting the parameters of this rationalist argument – that is to say, entering into a debate over whether globalization is an empirically verifiable *material* process that constricts the choices facing political actors – such writers adopt the constructivist view that it is the ideas that agents hold (and invoke) about "globalization" that are key (see, among others, Rosamond 2000; Hay and Rosamond 2002; Hay and Smith 2005, 2010; Watson and Hay 2003). In a seminal article, Colin Hay and Ben Rosamond (2002: 148, emphasis in the original) quite effectively condense the central argument of this approach, noting that 'policy-makers acting on the basis of assumptions consistent with the hyperglobalization thesis may well serve, in so doing, to bring about outcomes consistent with that thesis, *irrespective of its veracity* and, indeed, *irrespective of its perceived veracity*'. The perceived material rationality of the hyperglobalization thesis becomes meaningful in shaping outcomes only because it is internalised by actors, in other words, because it is treated by them as though it were a *real*, material constraint rather than just a (contestable) economic framework.

The key to understanding this process is a study of what this literature terms "globalization discourse". Here discourse is defined as 'a broad (...) matrix of social practices that gives meaning to the way that people understand themselves and their behaviour. (...) More precisely, a discourse makes "real" that which *it* prescribes as meaningful' (George 1994: 29-30, emphasis in the original). Analysing discourse thus becomes the study of the process of social construction, where control of knowledge about this so-called economic process becomes an exercise of authority in the international political economy. As such, Hay and Rosamond (2002) provide a typology

of different globalization discourses that can manifest themselves through political agency which is organised along two axes. For one, such discourses can put forward either a positive or a negative view of the outcomes of globalization, or additionally – as in Hay and Nicola Smith (2005) who engage in a more sophisticated exercise of discursive mapping – a view that the outcome of globalization is dependent on political choices. Secondly, the process of globalization itself can be portrayed as either (politically) contingent or as inevitable. It is this latter categorisation which informs the central contention of this literature that policy-makers strategically invoke a view of globalization as inexorable – while they privately may hold a more contingent view of the process – in order to legitimate potentially painful and/or contentious neoliberal socioeconomic reforms aimed at further marketisation of the political economy; in other words, by appealing to the material rationality of globalising forces they are ‘rendering the contingent necessary’ (Watson and Hay 2003; see also Hay 2004b). The power of such rhetoric¹ thus resides in that it presents a (politically) contingent phenomenon as immutable (economic) fact. Such a framework thus problematizes economic understandings of the political economy, borrowing from the critical approach of Robert Cox (1981); just as “problem-solving” theory masks the ultimately contingent nature of theorising, discourse that stresses the external constraint posed by globalization serves to disguise alternative outcomes.

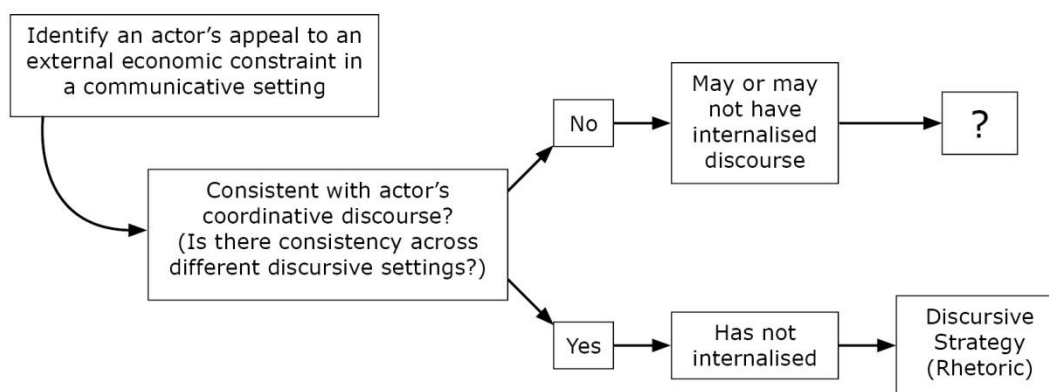
It thus becomes important to understand both how the supposed “material” rationality of the hyperglobalization thesis is internalised and how it can serve as a platform to advance actors’ interests. In this vein, the literature on globalization discourse has combined two previous strands of work on economic narratives, the so-called “strategic” and “reflexive” pathways to the study of economic discourse (Rosamond 2000). In the former, actors consciously use particular discourses to construct reality in order to serve their interests; in such a case a strategic discourse is separable from actors’ interests or exogenous. On the “reflexive” side, Hay and Rosamond (2002: 147) show an interest in showing how ‘ideational structures become institutionalised and normalised’. However, they reject the premise that actors can have interests that are separable from discourse, as a superficial reading of the “strategic” pathway would suggest; the explanatory emphasis is thus not on the interests that actors may have independently of discourse (as the latter is constitutive of the former) but rather on whether particular actors choose to invoke such beliefs to serve interests that are partly constituted by these (or other) beliefs (such as the more contingent view of globalization often attributed to policy-makers in this literature).

While recognising the complexities of discourse undoubtedly enriches our study of the international political economy it also unfortunately has the potential to obscure our analysis of political agency and the role of ideas within it. Specifically, we are referring to the issue of determining whether actors are instrumentally invoking ideational constraints in the service of the neoliberal project. In an earlier article we argued that not enough had been done in existing studies to determine this, largely as a result of a methodological dilemma held to be at the heart of the study of discourse (Siles-Brügge 2011: 631-634). The problem is that it is impossible to determine from a policy-maker’s pronouncements themselves whether these are a reflection of their true beliefs or not, which makes it difficult to ascertain whether the invocation of external economic constraints is done disingenuously (as part of a discursive strategy) or not. Going one step further, even if we knew that an actor truly believed in the material reality of a particular economic constraint, we could not possibly distinguish from their pronouncements between a case where they were invoking this constraint strategically and one where they were simply repeating a discourse they have already internalised. Only where we know that a policy-maker does not believe a constraint to be real can we interpret their rhetoric of external constraint in and of itself as strategic.

One of the contributions of our earlier article was to provide an analytical strategy to overcome this methodological dilemma. Drawing on the insights of previous research

(Hay and Smith 2005, 2010; see also Hay and Rosamond 2002: 158-159) our argument rested on an important distinction between “coordinative” (private) and “communicative” (public) discourses. The former refers to the process of policy construction – more specifically, ‘the common language and framework through which key policy groups come to agreement in the construction of a policy program’ (Schmidt 2002: 171) – while the latter is about a process of engagement with the public in order to legitimate such policies (Schmidt 2002: 171-172). The basis of our argument was that we could determine the strategic nature of discourses evoked within a communicative setting if we knew that an actor had not truly internalised these views. This also implied studying coordinative discourses, which given their setting were likely to correspond to the actual views of policy-makers. We argued that any discrepancy between discourses present in communicative and coordinative settings was strong evidence to suggest that any constraints invoked had not been internalised. In sum then, we could be quite confident in identifying an actor’s appeal to a particular external economic constraint as rhetorical if this discourse was not invoked consistently across different discursive settings (Figure 1). What we did not explicitly recognise at that juncture was that there is a clear limitation to such a framework in that it only serves to identify an actor that has not internalised a particular discourse but is using it strategically. We are still left with an intractable methodological problem that does not allow us to identify (from their pronouncements) actors who may have internalised such beliefs but are still invoking them disingenuously. That being said, not only is the scope for uncertainty considerably reduced when we deploy our analytical technique, but our approach is extremely parsimonious, allowing us to determine the strategic nature of actors’ communicative discourses from the analysis of only a few key documents.

Figure 1: Identifying an actor’s discursive strategy



Source: Adapted from Siles-Brügge (2011: 633).

This is particularly poignant if we consider Hay and Smith’s (2010: 2) argument that studies predicated on such a method ‘are simply incapable of providing the detailed picture of policy-makers’ assumptions and understandings of globalization (...) that we increasingly seem to acknowledge that we need’. Their reasoning is two-fold. For one, they point to the difference between coordinative and communicative discourse, highlighting that one cannot simply infer “cognitions” from public pronouncements given the potential for a strategic invocation of particular ideas. Secondly, they argue that policy-makers often make only a passing reference to the term globalization in their pronouncements, precluding an in-depth study of their understandings of the term from such data. As a result, they argue that there is ‘no substitute for raw attitudinal data’ (Hay and Smith 2010: 2) collected via surveys.

In contrast, this analytical strategy allows relying on the study of a few key documents to study not only communicative but also, and perhaps more controversially, coordinative discourse. In this view it is not just the fact that discourse is private that allows concluding that it is coordinative; rather, it is contended that we can determine the coordinative (or non-strategic) nature of policy documents by exploring their purpose and intended audience. After all, what need do policy-makers have to invoke ideas instrumentally, when they are drafting policy - and doing so in conjunction with stakeholders with which they share, referring to part of Schmidt's (2002) key definition of coordinative discourse, a 'common language and framework'? Thus, although coordinative discourse may at times only be found in purely internal documentation, there will be occasions when we can arrive at it by studying publicly available documents, provided we understand the context in which they originate. This may offer a less comprehensive insight into the beliefs of policy-makers than Hay and Smith's (2010) approach to collecting 'raw attitudinal data', but there are two reasons why it is still the preferred approach. For one, the interest is in the ideas of policy-makers at a particular moment in time, which is difficult to determine by any other means; collecting attitudinal data is constrained in this regard by the potential for such problems as memory failure that plague retrospective surveys (Belli *et al.* 1999; Oppenheim 1992: 130) and interviews (Seldon 1996: 355-356). Secondly, and as noted above, this is a more parsimonious technique to reliably arrive at the general outline of policy-makers' beliefs, as we are not interested in an exhaustive genealogy - or "anthropology", to use the term Hay (2004a) employs to refer to Karl Polanyi's (1957) study of the origins of market relations - of the emergence of neoliberal ideas in EU trade policy. The "snapshots" garnered through documentary analysis, in turn, are sufficient for the purposes of deploying our analytical strategy to unmask the strategic nature of appeals to an external economic constraint.

In sum, deploying this framework is particularly helpful as it enables to understand the power of economic ideas without sacrificing the analytical complexity involved in the study of discourse from a constructivist perspective. Focusing on the "strategic" dimension to discourse is important to understand *how* DG Trade (the principal agent/actor in our story, although individual Commissioners also played an important agential role) has legitimated free trade after the advent of the economic crisis. In this vein, although constructivist approaches have been critiqued from a historical materialist position as 'unable to explain *why* a particular set of ideas became part of the structure and not another, rival set of ideas' (Bieler and Morton 2008: 104, emphasis in the original) this article offers an insight into the ideationally compelling dynamics of discourses of external constraint. In other words, it offers a theory of why *certain* ideas did matter at a particular point in time (the Commission's argument regarding the need to liberalise) while others were marginalised (the arguments of import-competing sectors). Moreover, the so-called "reflexive" dimension to discourse helps us to understand *why* the Commission pursued the policies it did in the first place, privileging the interests of exporters (e.g. service suppliers). After all, their pronouncements on the necessity for market access chimed with the neoliberal vision internalised by policy-makers more readily than requests for import protection from more defensively-oriented sectors (e.g. automobiles). A detailed study of their role in lobbying the Commission to pursue particular trade policies is unfortunately beyond the scope of this article (see Siles-Brügge 2010; Heron and Siles-Brügge 2012). Instead, this analysis seeks to suggest that an appreciation of the ideational dimension to policy-making helps to understand the influence that exporters hold and has been documented elsewhere. This is something, moreover, a historical materialist reading of the EU political economy (van Apeldoorn 2002) would not necessarily give us; its overly holistic focus on a cohesive transnational capitalist elite allied to a unified Commission does not fit the picture of EU trade policy where there are very clear cleavages between (what are in most cases both transnational) pro-liberalization (largely export-oriented or importing) and anti-liberalization business interests (see, among others, Dür 2008; Siles-Brügge 2011; De Bièvre and Eckhardt 2011).

INTERNALISING THE NEOLIBERAL PARADIGM: THE 'REFLEXIVE' DIMENSION TO DG TRADE'S DISCOURSE

The empirical part of this article thus begins by looking at this "reflexive dimension" to discourse in this section, suggesting that policy-makers in DG Trade internalised a neoliberal discourse that led them to see the marketisation, economic restructuring and integration of the EU into the world economy as desirable outcomes (which also made them amenable to certain interest groups' arguments). This coordinative discourse began to crystallise over the course of the 1990s in the notion that boosting EU competitiveness – understood in terms of an increasing emphasis on 'value-adding' and exporting upmarket goods and services (European Commission 1996, 2005) – should be served through the elimination of restrictions to trade. Crucially, open trade policies were seen in the context of neoliberal economic restructuring; the 1996 *Market Access Strategy* – a key policy-making document authored under the tenure of Trade Commissioner Leon Brittan – argued that although market opening could lead to political pressures from affected industries, the process of restructuring would bring new business opportunities to Europe based on the principles of 'comparative advantage and free trade' (European Commission 1996: 2). The subtext was that Europe should concentrate on exporting high-end goods and services where it was judged to be "competitive" rather than seek to compete with the likes of China and India on price. This distinctly neoclassical economic analysis led DG Trade – albeit cautiously, at this stage – to argue that requests for import protection or government support to affected groups should be resisted (see European Commission 1996: 2); market disciplines were positive as they encouraged competitive adaptation. In terms of the globalization discourse literature, this was a view of globalization as a positive yet contingent outcome and it led officials in DG Trade to actively seek exporter input (European Commission 1996: 10) where previously such interests had not featured very prominently in trade policy-making (see Heron and Siles-Brügge 2012: 255-256).²

After the departure of Brittan EU trade policy discourse was recast by the new Trade Commissioner Pascal Lamy in terms of the doctrine of "managed globalization". This, however, has to be contextualised within EU trade policy's wider neoliberal evolution, representing less of a discontinuity with previous ideas than some would argue (Abdelal and Meunier 2010). Lamy, after all, continued to espouse a positive-sum view of trade liberalisation and globalization premised on seeking gains for upmarket exporters, whose input was still actively sought to set EU trade policy in the Doha Round of multilateral trade talks (Heron and Siles-Brügge 2012, De Ville and Orbie 2011; see speeches by Lamy 1999, 2000). The arrival, as Trade Commissioner in November 2004, of Peter Mandelson was more important for these purposes, as one of the chief architects of the reincarnation of the Labour Party as 'New Labour', which embraced aspects of the Thatcherite legacy in Britain (see Hay 1999). This is because his tenure represented an important "leap" when compared to previous thinking in DG Trade towards a more "activist" form of neoliberal trade policy. Crucially, it was suggested in the September 2005 *Trade and Competitiveness Issues Paper* – a key document used in policy formulation (see Siles-Brügge 2011) – that the EU '(u)rge trade partners to open their markets, using our possibilities for movement on our trade protection as negotiating leverage' (European Commission 2005: 6, emphasis omitted). Whereas in 1996 policy-makers had been rather coy about the prospect of "resisting" protectionist pressures (see above), in 2005 – following Mandelson's influence – they chose to confront them head-on in the interest of boosting EU competitiveness. In the eyes of policy-makers this would be killing two birds with one stone by achieving market access gains for EU export-oriented sectors (in other words, "competitive" industries) using a reduction in import duties in the few remaining "pockets of protection" (to rephrase the *Issues Papers'* term of "pockets of distortion") as a bargaining chip, even though this was seen as a desirable outcome in itself. This was not an espousal of "mercantilism" – that is,

maximising net exports – as some have argued (Ricard 2006), but rather corresponded to a neoliberal view of economic relations, as trade policy was to take a more “activist” role in the restructuring of the European economy. As in 1996, globalization was being portrayed in Commission coordinative discourse as a positive and contingent outcome, but one in which market-opening (particularly of third party economies) was political objective that had to be pursued with even greater emphasis.

In the aftermath of the 2008 Financial Crisis, and under the leadership of Commissioner Karel De Gucht (in office since February 2010), policy-makers have continued espousing similar views.³ This can be observed from a key contribution made by DG Trade’s Chief Economist, Lucien Cernat, to a debate amongst neoclassical economists on the future on EU trade policy. This is tellingly entitled ‘Shaping the Future of EU Trade Policy: How to Maximise the Gains from Trade in a Globalised World’, already suggesting a positive-sum view of trade liberalisation. Specifically, Cernat (2010: 14, emphasis in the original) refers to the orthodox, neoclassic literature in trade economics to argue that ‘promoting trade liberalisation brings a *triple benefit* that can underpin (economic) progress in the EU’, namely ‘economic growth’, ‘consumer benefits’ and ‘labour effects’. Apart from the emphasis on consumers, this is nothing new. The emphasis on ‘economic growth’ and ‘labour effects’ betrays a continued faith in the forces of economic restructuring, with officials in DG Trade still espousing the view that the EU’s competitiveness is dependent on its ability to export high-end products. What is more interesting is that, given the context of the economic crisis and the slowing of economic growth in Europe, the principal plank in Cernat’s argument is that ‘(w)ith subdued domestic demand in the EU, trade is going to become an important driver of growth’ (Cernat 2010: 13). In sum then, trade liberalisation is still seen as a desirable objective – contributing to the *Europe 2020* agenda of economic recovery premised on boosting competitiveness – while globalization is – as under Mandelson – also embraced as an unambiguously desirable process. Crucially, as subsequent analysis will show, both this objective and process are perceived as threatened by the political consequences of the economic crisis.

This is most obvious if we turn to other contributions made by Cernat and his economist colleagues in DG Trade to Vox discussions. The argument made in these pieces is that EU member states have to resist the forces of “murky”, behind-the-border protectionism that are spreading through the international economic system following the Financial Crisis (Cernat and Susa 2010; Cernat and Madsen 2011). In Cernat and his colleague Nuno Susa’s (2010) words, ‘this crisis might put an additional strain on those areas where the absence of clear WTO rules offers unbounded “protectionist policy space”’. Free trade (as well as further liberalisation), then, is seen to be far from inevitable as it depends, to a large extent, on the political will of participants in the international trading system to be maintained. Moreover, it is also seen to be increasingly contingent on domestic political pressure. As the following excerpt from makes clear, the belief among policy-makers in DG Trade is that the lack of reciprocity in trading relations with emerging economies – who are developing into keen EU competitors – risks turning EU public opinion against trade liberalisation:

‘(Most) Europeans believe that the EU has benefited greatly from international trade. However, they are less confident about the future, as (again most) think that trade will benefit more the emerging economies (...) in the coming years. These views may lead to protectionist tendencies, if Europe’s openness is perceived as being matched by EU’s strategic trading partners with ‘behind-the-border’ policies acting as de facto discriminatory trade barriers’ (Cernat and Madsen 2011; see also O’Sullivan 2010).

This passage captures a real fear amongst trade policy-makers that the public as well as political actors’ understandings of trade policy are largely “mercantilist”, that is, focused exclusively on the gains to exporters from liberalisation rather than also on the gains from imports (in the form of cheaper consumer prices and so forth, as neoclassical economic theory dictates; interview, European Commission, Brussels, 25 May 2011). The

implication of this of course is that, in the absence of countervailing gains for exporters (i.e. where countries did not reciprocate EU openness) such actors will focus on the concentrated adjustment costs resulting from trade liberalisation. The significance of this for our purposes – beyond highlighting that DG Trade’s views (as highlighted in its coordinative discourse) continue to be neoliberal rather than mercantilist – is two-fold. For one, it underscores the importance increasingly attributed in DG Trade to communicating the benefits of free trade, and in particular of imports. This is a point we return to later in the article, where we discuss DG Trade’s discursive strategy. For now, we turn to the implications that this raises for the Commission’s “reciprocity” agenda in the sense that it is felt that a lack thereof threatens the liberal foundations of EU trade policy.

“Reciprocity” has long been a code word in Brussels for “protectionism”, having been appropriated by actors critical of DG Trade’s market-opening initiatives in order to oppose trade liberalisation (Siles-Brügge 2011). However, DG Trade has not deviated from its long-held neoliberal paradigm by acknowledging the (political) necessity of reciprocity in trading relations. If we carefully examine DG Trade’s previous coordinative discourse, such as the 1996 *Market Access Strategy* or 2005 *Issues Paper*, it becomes clear that it had always acknowledged the potential for opposition to liberal, technical-rational and (therefore) welfare-maximising trade policies amongst political actors. After all, there is recognition of these dynamics among neoclassically trained economists and their following among political scientists, who have postulated theories of how to overcome these political dynamics prompted by collective action problems (see, e.g. Destler 2005). The economic crisis has, of course, rendered these pressures increasingly relevant, explaining in part the emphasis on a more concrete political “limitation” to the optimum outcome of unfettered trade liberalisation; the emphasis on reciprocity is perhaps a greater recognition than ever before of the political contingency of liberalisation, but this is not unexpected given the advent of the crisis. Underscoring its ideational lineage, reciprocity in DG Trade’s discourse is therefore ultimately about mobilising support in favour of trade liberalisation, rather than against market opening. More specifically, reciprocity is about ensuring the EU possesses sufficient leverage in on-going trade negotiations, rather than being aimed at establishing new barriers. In sum, in this section we have explored the “reflexive dimension” to DG Trade’s neoliberal policy-making discourse. By focusing on the beliefs of decision-makers from the mid-1990s to the present day we have been able to explain *why* they pursued the course of action they did. How policy-makers’ beliefs surrounding ‘reciprocity’ have come to shape the EU’s specific trade policy measures following the crisis is an issue we turn to in the next section.

LEVERAGING, NOT ESTABLISHING PROTECTION

As we saw in the previous section, the idea of leveraging protection has been one of the key ingredients of the EU’s external trade strategy because it has allowed DG Trade to serve two aims it sees as desirable simultaneously: eliminating the EU’s remaining “pockets of protection” while serving its exporters interests. This was the aim behind the 2006 “Global Europe” strategy, whose stated aim of promoting competitiveness through further liberalisation was to be served through a more offensive external trade strategy premised on a new generation of bilateral trade deals with emerging East Asian and (to a lesser extent) Latin American economies (European Commission 2006). The first FTA concluded as part of this strategy with South Korea was predicated on precisely this dynamic; in exchange for a substantial liberalisation of the EU automobile market (at a time, we should remember, when it was in crisis following the economic downturn and where the opposition voiced by the European Automobile Manufacturers’ Association known by its French acronym ACEA had considerable resonance among certain member states such as Germany, France and Italy), DG Trade obtained a substantial liberalisation of services and investment for its outward-oriented firms (Siles-Brügge

2011). These were exporters which, as we saw above, the Commission had actively sought to engage in trade policy-making since the 1996 *Market Access Strategy* (see en. 2 on the role of the ESF), pointing to the “reflexive” role of discourse discussed in the previous section.

Taking this offensive trade agenda predicated on leveraging protection forward, as the *Trade, Growth and World Affairs* strategy purports to do, however, is potentially more problematic as all of the emerging country FTA partners originally identified by the *Global Europe* communication – with the exception of Korea and Singapore – are current beneficiaries of the Generalised System of Preferences (GSP). The existence of this scheme of non-reciprocal trade preferences offered by the EU to developing countries – which is authorised under the WTO’s Enabling Clause – has been seen by officials in DG Trade to create a serious disincentive for such countries to sign up to FTAs, as market access for many of their commodity exports is already guaranteed without the need for reciprocal liberalisation. In sum, in order to be able to trade away protection effectively, in line with the neoliberal beliefs of policy-makers discussed in the previous section, the EU has to be able to leverage sectors that are currently covered by GSP.

It is within this context that we have to understand DG Trade’s recent reform of the GSP scheme. This will see all high income and upper-middle-income countries – using the World Bank’s income criteria – become ineligible for GSP, with simultaneous changes to the graduation principle for GSP imports also rendering 5.3€ billion worth of imports – spread among only six countries (China, India, Indonesia, Nigeria, Thailand, and Ukraine) – ineligible for preferential access under the scheme (European Commission 2011a: 112; see also ODI 2011). DG Trade’s stated rationale for these changes is to ‘focus the GSP preferences on the countries most in need’ (European Commission 2011a: 2) – in their eyes LDCs and so-called “vulnerable economies” lacking product diversification and being poorly integrated into the world economy (European Commission 2011b: 11). There are, however, clear grounds for doubting DG Trade’s stated aims in this respect. If the primary driver of the EU’s reform of the GSP is to help those “most in need” by improving the value of their non-reciprocal preferences, then why is it seeking elsewhere to put trade relations with LDCs and “vulnerable” economies on a contractually reciprocated basis in the form of the Economic Partnership Agreements (EPAs) and other FTAs (for more on this, see Heron and Siles-Brügge 2012)?

As a result, it is argued that the GSP changes have to be understood as part of the move towards improving leverage in on-going trade negotiations. All of the FTA partners originally identified by the “Global Europe” communication – with the exception of Korea and Singapore – are current GSP beneficiaries, with most being significantly negatively affected by the reform of the scheme. Argentina, Brunei, Brazil, Malaysia and Uruguay stand to lose all of their non-reciprocal trade preferences, while India would lose preferences on 2.81€ billion worth of trade, or about 11.1 per cent of its total goods exports to the EU (author’s calculation, using data from European Commission 2011a and Eurostat 2011).⁴ DG Trade, in appraising the GSP changes, unsurprisingly argued that they ‘ha(d) nothing to do with other (commercial) trade negotiations’, but it was quick to point out that they ‘might still have the unintended consequence of providing more advanced developing countries with a greater incentive to enter into and conclude reciprocal trade negotiations with the EU’ (European Commission 2011b: 15). Of these negotiations, the FTA talks with India are seen to be the most economically significant, with one senior DG Trade official going as far as to claim in 2011 that the success of the “Global Europe” agenda depended upon the successful completion of this FTA (interview, interest group representative, Brussels, 20 May 2011). As a result, it is perhaps no surprise that DG Trade singled out India when discussing the issue of negotiating leverage, noting that while it ‘enjoys relatively good market access for goods to the EU under the GSP (...) (it also) maintains fairly high tariffs and some peaks in areas particularly important to EU industry (such as cars, wines and spirits) and significant

non-tariff barriers in other sectors important to EU exporters' (European Commission 2010d: 8).

This, however, is only one of the two prongs of DG Trade's strategy of negotiating with India. The GSP changes are likely to increase its ability to trade away EU protection for market access in the Indian market. To be more specific, and rephrasing the terminology of the 2005 *Issues Paper*, DG Trade's chosen "pocket of protection" to offer in exchange for its offensive interests (for instance, in the area of investment liberalisation for services) is the area of General Agreement on Trade in Services (GATS) mode 4 service provision (the delivery of a service through the presence of natural persons). Liberalisation of mode 4 is particularly key to India given the low levels of liberalisation offered by the EU in this area; the EU15 April 2003 GATS offer in the Doha Round for mode 4 amounted to an indexed score of only 4.5 per cent, compared to over 50 per cent in all other modes of supply (Hoekman *et al.* 2007: 374). As a result, it is perhaps unsurprising that there is some evidence to suggest that the Indian side sees a satisfactory offer on mode 4 as a *sine qua non* of their acceptance of the FTA (cited in Business, Innovation and Skills Committee 2011). In this vein, DG Trade is countenancing making India the most generous mode 4 package that it has ever made in exchange for movement on its offensive interests. This is obviously conditional on the offer made from the Indian side (the hope being that a generous offer will "buy" the EU generous concessions beyond services; interview, European Commission, Brussels, 19 May 2011) – and on subsequent approval from the member states – but it highlights the importance attached by both sides to this particular trade off at the heart of the negotiations (Aiyar 2011).

This appears to embody one of the key aspects of DG Trade's neoliberal agenda (and the specific neoliberal discourse it internalised), which, as we saw in the preceding section, was its desire to actively trade away "pockets of protection" in exchange for market access. As we noted then, this cannot simply be seen as part of a "mercantilist" bargaining dynamic, but rather reflected the views of policy-makers that they were killing two birds with one stone, using the elimination of trade protection (which was seen as undesirable anyway) to achieve market access gains for their constituency of competitive exporters (primarily service providers establishing a commercial presence, also known as mode 3; for the importance of these in shaping EU trade policy, see Heron and Siles-Brügge 2012). Likewise, in the case of the EU-India FTA, DG Trade is showing willingness to trade gains on services investment and establishment more generally for a liberalisation of mode 4 that it sees as inherently desirable. One draft report in the EP (the so-called "Karim Report") – echoing a Commission report on the subject (No2EU 2010) – was to enunciate the logic explicitly by noting that,

'India has offensive interests in the General Agreement on Trade in Services (GATS) Mode 1 and Mode 4 liberalisation; the European Union would like to complete liberalisation in market access and national treatment in Mode 3 in most services; (...) the full ambition of the FTA cannot be achieved without MODE 4 (sic) – which currently faces a range of barriers (...) The elimination of these impediments would generate gains not just for India but also for the importing EU Member States' (European Parliament 2009: 9-10).

Crucially, however, the EU's relative lack of openness in mode 4 – as Bernard Hoekman *et al.* (2007: 375) note, although mode 4 is a sensitive in most developed countries 'a number of high-income countries are somewhat more willing to accept temporary entry of professionals than is the EU' – has been the product of the extreme politicisation of the issue within Europe, given its close association with migration issues within member states (Persin 2008; interviews, European Commission, September-October 2009 and May 2011). The EU-India FTA talks appear to have brought this issue to the fore at a time when member states' governments are under pressure on immigration issues in the wake of the economic crisis. Of particular relevance here is the UK – where the Conservative-Liberal Democrat coalition recently introduced a fixed annual cap on non-

European Economic Area migration to the UK (Tieman 2011) – which is expected to be the primary destination of India professionals and the key market of interest to Indian negotiators (Business, Innovation and Skills Committee 2011). There is unfortunately no space here to go into a detailed discussion of the literature on the politics of migration, or the important distinction in GATS parlance between mode 4 service delivery (implying temporary rather than permanent relocation) and migration which is often lost in the public debate on mode 4 (instead, see Leal-Arcas 2010). What is clear, however, is the political contentiousness of mode 4 in the context of the EU-India FTA, which is illustrated very vividly in one UK tabloid's reaction that '(t)ens of thousands of migrants from India are set to win the right to live and work in Britain because of the [EU-India FTA]' (Doughty 2010). Our brief discussion of the politicisation of this domain therefore raises the question of *how* DG Trade plans to push through this particularly controversial aspect of its trade liberalisation agenda. This leads us to turn to its strategic use of discourses of external constraint, the other dimension to the study of discourse which we addressed in the conceptual section of this article.

CONSTRUCTING AN IDEATIONAL IMPERATIVE FOR LIBERALIZATION: THE "STRATEGIC" DIMENSION TO DISCOURSE

Under Mandelson, DG Trade seized upon the prevailing macroeconomic consensus of the time in order to construct a discourse of no alternative to trade liberalisation (see Siles-Brügge 2011). The discursive logic advanced in "Global Europe" was that given the competitiveness objectives of the Lisbon Agenda – which sought to make the EU 'the most competitive and dynamic knowledge-based economy in the world' by 2010 (European Council 2000) – the EU had no choice but to pursue an offensive external trade strategy. The "Global Europe" strategy was thus discursively rendering the potentially most controversial aspect of its trade agenda, trading "pockets of protection" for market access, necessary by appealing to the external constraint posed by globalising markets. In sum, ideas were being used as a powerful instrument in the service of a policy-making elite's neoliberal agenda, in line with the theoretical argument made earlier.

In De Gucht's DG Trade, the new *Europe 2020* strategy plays a similar role to the Lisbon Agenda back in 2006. *Europe 2020* strategy was a direct response to wider economic effects of the 2008 Financial Crisis, formally proposed by the (second) Barroso Commission in March 2010 and approved by the Member States at a European Council summit in Brussels in June 2010. Although it ostensibly replaced the previous Lisbon Agenda – whose ambitious target the crisis had definitively put to rest – the parallels are difficult to ignore. The rationale for *Europe 2020* – as in Lisbon – was still Europe's (relative) economic decline, with the crisis (and the pain it had and was still causing in Europe) adding increased urgency to plans for long-term economic reform rather than dashing them. The responses to these challenges were the three 'mutually reinforcing' objectives of delivering 'smart growth' (developing the knowledge economy), 'sustainable growth' (promoting greater resource efficiency, environmental awareness and competitiveness) and 'inclusive growth' (delivering high-employment and social cohesion) (European Commission 2010a). In sum, *Europe 2020* sought not only to 'help Europe recover from the crisis' but also, in Lisbon fashion, to enable the EU to 'come out stronger, both internally and at the international level' by the new deadline of 2020 (European Council 2010: 2). *Europe 2020* was therefore not so much a reinvention of European economic governance as a updating of the Lisbon Strategy reflecting changes in the European political economy. The emphasis on the competitiveness challenges faced by the European economy – so prominent in Lisbon (see Hay and Rosamond 2002) – still persisted; in fact, the crisis had added increased urgency to the need to respond to the external constraint posed by globalization. Thus, in its justification of *Europe 2020*, the Commission was to note that '(t)he crisis has wiped out years of economic and social progress and exposed structural weaknesses in Europe's economy. In the

meantime, the world is moving fast and long-term challenges – globalization, pressure on resources, ageing – intensify’ (European Commission 2010a: 5).

Although work on *Trade, Growth and World Affairs* was initiated as part of this broader *Europe 2020* agenda, DG Trade ensured that from the beginning it established discursive ‘ownership’ of this initiative; in this sense, the new trade strategy played an analogous role to “Global Europe” as DG Trade’s primary communicative resource. As David O’Sullivan (2010: 4, emphasis added), Director-General for Trade, put it explicitly, its purpose was ‘to continue to *project publicly the benefits of trade and globalization*, because recent events have given rise to some criticism and some suggestions that perhaps trade or globalization might even have contributed to the difficulties’. In his eyes there were very good reasons to do so as it was member states who were partly behind the drive for an ‘external dimension’ to the *Europe 2020* competitiveness agenda, including a strong drive from certain member states to include an emphasis on “reciprocity” – ostensibly in the more protectionist vein long associated with certain members of the Council (see Siles-Brügge 2011: 640, 644). Thus while contributing to the drafting of the *Europe 2020* document, which included a page setting out the basic parameters of the future *Trade, Growth and World Affairs* strategy, DG Trade worked hard (and ultimately successfully) to excise the term “reciprocity” with its potentially protectionist ramifications (interview, European Commission, Brussels, 17 May 2011).

The next step of DG Trade’s strategy consisted in seizing upon the discourse of external constraint at the heart of *Europe 2020*, much as it had with the Lisbon Agenda six years previously, in order to render its agenda of trade liberalisation discursively necessary, especially in response to the crisis. *Trade, Growth and World Affairs* explicitly stated that ‘trade and investment policy *must contribute to this* (competitiveness) *objective*’ (European Commission 2010c: 4, emphasis added). Crucially, it also addressed the threat of protectionist “reciprocity” by noting that while ‘others (...) must match our (liberalization) efforts, in a spirit of *reciprocity* and mutual benefit (...) (t)he EU *will remain an open economy*’. This was an act of discursively neutering the term “reciprocity” of protectionist connotations; although DG Trade continued by noting that this meant remaining ‘vigilant in defence of European interests and European jobs’, the implication, given the constraint posed by globalised markets, was that the EU would *have to* remain open in order not to jeopardise those interests. As the preceding paragraph in *Trade, Growth and World Affairs* had made clear, ‘(o)pen economies tend to grow faster than closed economies (...) (and as a result) Europe *must seize* the triple benefit from more open trade and investment: more growth and jobs and lower consumer prices’ (European Commission: 2010c: 4, emphasis added).

The necessitarian character attached to trade liberalisation as a result of the so-called ‘triple benefits from trade’ – which had featured in a more contingent form in DG Trade coordinative discourse (see above) – was underscored in another key document, the *Staff Working Paper on Trade as a Driver of Prosperity*. This came out in accompaniment to the strategy – to elaborate on areas the length and format-restricted *Trade, Growth and World Affairs* communication could not address (interview, European Commission, 17 May 2011). It sought to, through detailed economic analysis, ‘(make) the case again for open trade as an important driver for economic growth and job creation in the EU as well as worldwide, and as *a necessary condition* to strengthen the competitiveness of the EU in global markets’ (European Commission 2010e: 3, emphasis added). It also aimed, as had *Trade, Growth and World Affairs*, to underscore that “reciprocity” could not imply a closure of the EU market, given the importance of imports within the EU political economy: ‘(c)reating more growth and jobs in the EU will require a stronger export orientation *but without falling into mercantilism*: competitive exports *require* competitive imports’ (European Commission 2010e: 4, emphasis added). In this way it also emphasised the neoliberal rather than mercantilist bent of EU trade policy.

At this stage, this analysis addresses whether such discourses of external constraint were invoked instrumentally as they were under Mandelson. To do so, it deploys the

analytical technique discussed earlier (Figure 1), to contrast DG Trade's coordinative and communicative discourses over this period. The analytical strategy is premised on the fact that a contrast in discourse between both of these discursive settings suggests that an actor has not truly internalised a discourse of external constraint and is therefore simply invoking it strategically. Returning to the empirical case at hand we find, as before, a clear contrast between the contingency arguments raised by policy-makers in private – where trade liberalisation was seen as desirable yet contingent on political pressure (Cernat's column in the Vox debate, for example, was tellingly sub-titled 'How to Maximise the Gains from Trade in a Globalised World') – and the rhetoric characterising the *Trade, Growth and World Affairs* strategy. By embedding trade liberalisation in the context of *Europe 2020* this latter rhetoric was rendering it discursively indispensable. This is particularly evident when we turn to the issue of 'reciprocity'. Whereas in private DG Trade officials stressed that a lack thereof 'may lead to protectionist tendencies' (Cernat and Madsen 2011), in public they stressed that although 'for an open trade policy in Europe to succeed politically, others (...) must match our efforts (...) (t)he EU will remain an open economy'. The clear message, as we noted above, was that it had no choice to do so, given that in globalised markets '(o)pen economies tend to grow faster than closed economies' (European Commission 2010c: 4). As a result, we can confidently conclude that officials in DG Trade did not truly believe these to be real economic constraints and were thus invoking them, as before, in order to legitimate their neoliberal agenda premised on market opening.

THE DISCURSIVE STRATEGY AT WORK

In Siles-Brügge (2011), the analysis shows how DG Trade successfully used such a discourse of economic constraint – as first enunciated in "Global Europe" – to legitimate the EU-Korea FTA in the face of considerable opposition from protectionist forces. Clearly the *Trade, Growth and World Affairs* strategy also contributed to reinforce these ideas at the time – being released in November 2010, a few months before the EU-Korea FTA was ratified by the EP – and serves the same purpose going forward. In the face of calls for "reciprocity" – in the protectionist vein – from some member states (as we noted above), it has re-established the discursive imperative for seeking ambitious trade agreements in East Asia (and Latin America). Thus, in reaction to *Trade, Growth and World Affairs*, the Trade Policy Committee of Member State representatives appeared to have fully internalised DG Trade's logic of competitiveness-driven constraints when it argued that,

'given the new opportunities and challenges that the EU common commercial policy has to face in an evolving economic environment marked by the steady rise of new trading partners and increasingly complex global supply chains, the future trade policy horizon has to be built on the objectives and major achievements of the 2006 Global Europe strategy that has already led to the signature of the Free Trade Agreement with South Korea, (...) a strengthened focus on market access and regulatory issues in bilateral trade relations, (...) as well as continued action to reverse and roll-back trade restrictive measures introduced during the crisis' (Council of the EU 2010: 3).

Moreover, although it does remain to be seen whether DG Trade will be able to push through its remaining FTAs if they imply politically contentious trade-offs, it is particularly interesting to note that it already appears to have begun discursively clearing the way for the EU-India FTA – its "big prize" in terms of the *Global Europe* agenda – by pushing for the relaxation of the EU's regime for mode 4 service delivery. As we saw above, this is a 'pocket of protection' that DG Trade is particularly keen to trade away in order to both obtain liberalisation gains for mode 3 suppliers to India the EU's but also because it sees liberalisation in this area as inherently desirable. It is also a contentious issue given its association with immigration policy, particularly in the wake

of the economic crisis. As a result, it should not surprise us that DG Trade has explicitly invoked a necessitarian logic specifically with regard to mode 4 in *Trade, Growth and World Affairs*:

'We should also ensure that the temporary movement of people to provide services contributes to making our service providers and investors more competitive, both in the EU and abroad. Bringing in the most highly qualified people from around the world *is essential* to enable our companies and our research centres to remain at the cutting edge of innovation' (European Commission 2010c: 7, emphasis added).

The continued success of DG Trade's discursive agenda in this area vis-à-vis other, potentially critical Commission DGs (who are likely to espouse less markedly neoliberal views) is reflected in the proposed *Directive on Conditions of Admission of Third Country Nationals in the Framework of an Intra-Corporate Transfer*, which aims to simplify procedures in order to promote service 'imports' under mode 4. Although the responsibility of DG Home Affairs, this document was laced with similarly necessitarian arguments to justify the proposed initiatives:

'As a result of the globalization of business increasing international trade, the growth and spread of multinationals and the on-going restructuring and consolidation of many sectors, movements of managerial and technical employees of branches and subsidiaries of multinational corporations, temporarily relocated for short assignments to other units of the company, have become more crucial in recent years' (European Commission 2010b: 3).

While naturally still tentative – as member states, the EP and the Commission have yet to agree on a final directive (EurActiv 2011) – these developments are interesting in the sense that they imply a move in a liberal direction in what many key political actors see – rightly or wrongly – as a component of immigration policy at a time when there has been a considerable retrenchment in this area more generally. In light of both the crisis and the likely increasing role in trade policy-making of the EP – which, since the recently ratified Treaty of Lisbon has to give its assent to all trade agreements signed by the EU – the importance of DG Trade's economic rhetoric is likely to be heightened. In this vein there are some reasons for optimism for DG Trade policy-makers, as their discourse seems to carry some weight already in this domain outside the Commission. Although the acquiescence of member states on the issue mode 4 is still uncertain – both in terms of the intra-corporate transfer directive and the concessions on mode 4 envisaged as part of the EU-India FTA – the EP's May 2011 resolution on the EU-India FTA acknowledged 'that the full ambition of the FTA cannot be fulfilled without commitments in Mode 4' (European Parliament 2011), echoing the wording of an earlier Commission report on the matter (see above). Although it did request 'a thorough analysis be carried out in relation to the individual member states in order to avoid negative consequences for the EU labour market', it conceded to the fundamental point of 'permitting, under Mode 4, temporary stays of necessary skilled professionals'. In sum, in response to member states calling for 'reciprocity' in a protectionist vein as well as those opposed to concessions on mode 4, both groups of actors hostile to the Commission's neoliberal trade agenda, DG Trade has scored a number of important discursive victories.

CONCLUSION

This article has focused on the evolution of the "Global Europe" offensive trade agenda following the advent of the 2008 Financial Crisis. We have found that despite the potential for increased protectionist pressure from societal actors and the EP, EU trade policy has still been driven by a concern with servicing upmarket exporters, at the expense, potentially, of protected sectors in the EU economy (this article focused on the

specific case of mode 4 service delivery in the context of the EU-India FTA). In this vein, we have also seen how the move towards emphasising reciprocity in the EU's trade relations with third parties has to be contextualised within this wider objective, as it allows the EU to increase its leverage in negotiations with emerging country trade partners. This posed a conundrum for conventional rationalist explanations of (EU) trade policy, which by emphasising collective action dynamics which privilege protectionists (as in much of the IPE literature) or refer to institutional insulation (as in much of the EU trade policy literature) cannot on their own explain the continued neoliberal evolution of EU trade policy. In contrast, our constructivist approach allowed us to account for such developments by emphasising continuity in the beliefs held by officials in DG Trade, with the current Commissioner Karel De Gucht and his team espousing very similar views to those of their predecessors drafting "Global Europe". While this explains *why* neoliberal policies were adopted, we need to turn to the sphere of communicative discourse to explain *how* these were successfully pursued against the wishes of hostile actors such as the European automobile lobby in the case of the EU-Korea FTA, member states calling for greater "reciprocity" in a protectionist vein or those opposed to concessions on the issue of mode 4 in the EU-India FTA. What we find is the deployment of economic rhetorics of external constraint which draw on the prevailing macroeconomic doctrine of the day (in this case the *Europe 2020* agenda). This strategically-invoked discourse continues to be, so far, successful at legitimating the EU's offensive trade agenda.

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¹ Hay and Rosamond (2002: 152) draw a distinction between "globalization as discourse" – 'a repertoire of discursive resources (...) at the disposal of political actors' – and 'globalization as rhetoric' – 'the strategic and persuasive deployment of such discourses, often in combination, as means to legitimate specific courses of action, policy initiatives, etc.'

² Particularly influential among these groups was the European Services Forum (ESF). This was formally established in 1999 at the insistence of Commissioner Brittan who was seeking to 'build a strong, coherent and active European constituency in favour of international trade in services liberalisation in a multilateral context' (Brittan 1999: 1; for more on the role of the ESF, see Lietaert 2009).

³ We focus here on the contributions made by leading figures in DG Trade to the "policy portal" VoxEU.org (henceforth "Vox"). Vox's 'intended audience is economists in governments, international organisations, academia and the private sector as well as journalists specializing in economics, finance and business' (Vox 2011). As a result, we can clearly see that this forum, albeit publicly accessible on the web, is not so much aimed at communicating policy decisions as it is engaged in encouraging debates on policy formulation among a group of actors sympathetic to the aims of DG Trade policy-makers.

⁴ Moreover, for India and a number of other emerging economies, these changes also affect exports that undoubtedly benefit from such preferences (ODI 2011).

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