

# Commission launches reflection on harnessing globalisation

Based on a fair assessment of the benefits and downsides of globalisation, today's Paper aims to launch a debate on how the EU and its Member States can shape globalisation in a way that anticipates the future and improves the lives of Europeans.

Frans **Timmermans**, First Vice-President of the Commission, said:

*"Globalisation is good for the European economy overall, but this means little to our citizens if the benefits are not shared fairly and more evenly. Europe must help rewrite the global rulebook so that free trade becomes fair trade. So that globalisation becomes sustainable and works for all Europeans. At the same time, we must focus our policies on getting people the education and skills they need to keep up with the evolution of our economies. Better redistribution will help guarantee the social cohesion and solidarity this Union is based on."*

Jyrki **Katainen**, Vice-President for Jobs, Growth, Investment and Competitiveness, said: *"Globalisation is a formidable force bringing benefits to Europe and the rest of the world but also many challenges. To preserve the benefits of openness but also address its drawbacks, Europe must promote a stronger rules-based global order, act resolutely against unfair practices, make our societies more resilient and our economies more competitive in the face of a fast changing environment."*

The reflection paper takes an honest look at what globalisation has brought to the EU. The fact is that, even if the EU has greatly benefitted from globalisation, it has also brought many challenges. Around the world, globalisation has helped lift hundreds of millions of people out of poverty and enabled poorer countries to catch up. For the EU, global trade has boosted EU economic growth, with every €1 billion of additional exports supporting 14,000 jobs. Cheaper imports also benefit poorer households in particular. But these benefits are not automatic nor are they evenly distributed among our citizens. Europe is also impacted by the fact that other countries do not all share the same standards in areas such as employment, environmental or safety standards, meaning that European companies are less able to compete on price alone with their foreign counterparts; this can lead to factory closures, job losses or downward pressure on workers' pay and conditions.

However, the solution lies neither in protectionism nor in laissez-faire politics. The evidence presented in the Reflection Paper shows clearly that globalisation can be beneficial where it is properly harnessed. The EU must ensure a better distribution of the benefits of globalisation by working together with Member States and regions as well as with international partners and other stakeholders. We should seize together the opportunity to shape globalisation in line with our own values and interests.

Today's Reflection Paper opens up a vital debate on how the EU can best harness globalisation and respond to its opportunities and challenges:

- **On the external front**, the paper focuses on the need to shape a truly sustainable global order, based on shared rules and a common agenda. The EU has always stood for a strong and effective 'multilateral' global rulebook and should continue to develop it in a way that addresses new challenges and ensures effective enforcement. For example, the EU could push for new rules to create a level-playing field by addressing harmful and unfair behaviour like tax evasion, government subsidies or social dumping. Effective trade defence instruments and a multilateral investment court could also help the EU act decisively against countries or companies that engage in unfair practices.
- **On the domestic front**, the paper suggests tools to protect and empower citizens through robust social policies and providing the necessary education and training support throughout their lives. Progressive tax policies, investing in innovation and strong welfare policies could all help redistribute wealth more fairly. Meanwhile, use of EU structural funds to assist vulnerable regions and the **EU Globalisation Adjustment Fund** (see Factsheet on the EU Globalisation Adjustment Fund) to help displaced workers find another job can help mitigate negative impacts.

## Background

Around a third of our national income comes from trade with the rest of the world. As overseas markets have grown, European exports have grown supporting higher-paid jobs. By specialising in what they do best, countries can produce more for less, boosting consumers' purchasing power. People travel, work, learn and live freely in different countries. They interact with each other on the web, sharing their ideas, cultures and experiences. Students have online access to courses run by leading universities across the world. International competition and scientific cooperation have accelerated innovation. Globalisation has also lifted hundreds of millions of people out of poverty and enabled poorer countries to catch up.

But globalisation also brings challenges. Many Europeans are concerned that globalisation leads to inequality, job losses, social injustice, or lowering environmental, health or privacy standards. They sometimes also feel threatened in their identities, traditions and ways of living. These concerns must be recognised and addressed.

Harnessing globalisation, shaping the world for the better, promoting high standards and values outside Europe, protecting our citizens from unfair practices, and making our societies resilient and our economies more competitive are all key priorities for this Commission.

The reflection paper on the harnessing globalisation follows up on the White Paper on the Future of Europe presented on 1 March, which set out the main challenges and opportunities for Europe in the coming decade. The White Paper marked the beginning of a process for the EU27 to decide on the future of their Union. To encourage this debate, the European Commission, together with the European Parliament and interested Member States, will host a series of

'Future of Europe Debates' across Europe's cities and regions.

The paper on the harnessing globalisation will be followed by a series of reflection papers on:

- deepening the Economic and Monetary Union, on the basis of the Five Presidents' Report of June 2015;
- the future of Europe's defence;
- the future of EU finances.

For More Information

[Reflection paper on harnessing globalisation](#)

[Factsheet](#): European Globalisation Adjustment Fund – Ten Years of European Solidarity

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