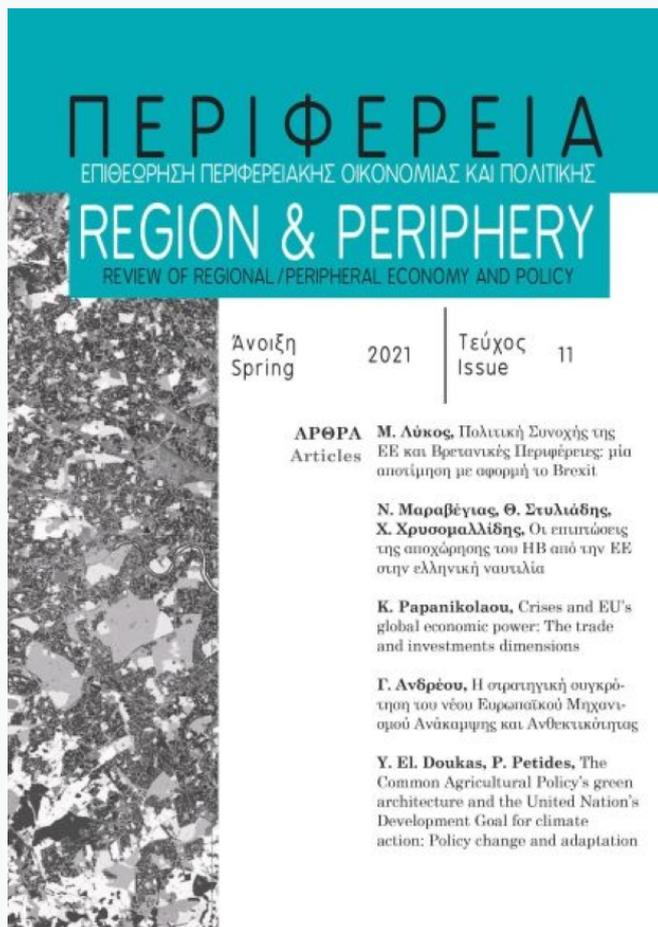


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Κρίσεις και διεθνής οικονομική ισχύ της ΕΕ: Η εμπορική και η επενδυτική διάσταση

Κωνσταντίνος Παπανικολάου

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Crises and EU's global economic power: The trade and investments dimensions

Papanikolaou Konstantinos, *Doctor in International Political Economy*

Abstract

The last decade of has been one of the most challenging periods for European integration. The decade started with a sovereign debt crisis that hit hard the Eurozone's peripheral member states and ended with the economic wreckage caused by the COVID-19 pandemic in 2020. As expected, the global financial crisis and the Euro-crisis have had an impact in the orientation of the EU as a global economic power. Two of the main aspects of EU's economic power are its trade and investment power. The aim of this paper is to provide an evaluation of the impact of the global financial and Euro-crisis in the European Union's performance on these two dimensions of the EU's power.

KEY-WORDS: Euro-crisis, trade power, investment power

Κρίσεις και διεθνής οικονομική ισχύ της ΕΕ: Η εμπορική και η επενδυτική διάσταση

Παπανικολάου Κωνσταντίνος, *Διδάκτορας Διεθνούς Πολιτικής Οικονομίας*

Περίληψη

Η τελευταία δεκαετία υπήρξε μία από τις πιο ιδιαίτερες χρονικές περιόδους για την Ευρωπαϊκή ολοκλήρωση. Η δεκαετία ξεκίνησε με μία κρίση χρέους που επηρέασε εμφατικά τα κράτη μέλη της περιφέρειας της Ευρωζώνης και τελείωσε το 2020 με μία οικονομική κρίση η οποία ήταν αποτέλεσμα της πανδημίας του Covid-19. Όπως αναμενόταν η παγκόσμια χρηματοπιστωτική κρίση και η κρίση χρέους επηρέασαν τον προσανατολισμό της Ε.Ε. ως παγκόσμια οικονομική δύναμη. Δύο βασικές διαστάσεις της οικονομικής ισχύος της Ε.Ε. είναι η εμπορική και η επενδυτική της ισχύς. Ο στόχος του συγκεκριμένου κειμένου εργασίας είναι η αξιολόγηση των επιδράσεων της παγκόσμιας χρηματοπιστωτικής κρίσης και της κρίσης χρέους του ευρώ στις επιδόσεις της Ευρωπαϊκής Ένωσης σε αυτές τις δύο διαστάσεις της ισχύος της.

ΛΕΞΕΙΣ-ΚΛΕΙΔΙΑ: Κρίση χρέους του ευρώ, εμπορική ισχύς, επενδυτική ισχύς, Ευρωπαϊκή Ένωση

1. Introduction

The last decade has been one of the most challenging periods for European integration. The decade started with a sovereign debt crisis that hit hard the Eurozone's peripheral member states (Greece, Ireland, Portugal, Cyprus, Spain), and threatened the integrity of the entire euro area. The sovereign debt crisis occurred after the global financial crisis of 2007-2009 which also had a negative impact on the European economies. The decade ended with the economic wreckage caused by the COVID-19 pandemic in 2020, which still affects the European Union from one end to another (Matthijs 2020).

As expected, the global financial crisis and the Euro-crisis have had an impact in the orientation of the EU as a global economic power. European Union is one of the major economic powers of the contemporary international system. EU's weight and influence in the last two decades is significant across all the dimensions of the global economy. Two of the main aspects of EU's economic power are its trade and investment power. These two aspects are particularly significant in times of crisis. EU's presence in global multilateral system shapes both the European and international reaction to crises, while its policies regarding investment flows affect the duration and depth of a crisis, not only in the EU, but also in other areas of the global economy.

The aim of this paper is to provide an evaluation of the impact of the global financial and Euro-crisis in the European Union's performance on these two dimensions of the EU's power. This evaluation will also allow us to extract some first tentative conclusions about the impact of the covid-19 crisis.

2. European Union as a Global Economic Power

The EU is a sui generis actor in the international system. Not a typical nation-state, it constitutes the biggest and most successful example of regional integration in modern history (Bindi 2009). A review of European and international literature on EU as a power in the international system reveals four basic attributes of EU's power profile, EU is considered a civilian, normative, soft and economic power. The EU is undoubtedly a global power with contradictory characteristics.

EU is the par excellence civilian power of the contemporary international system. Given that EU's military capacity, as a unified actor, is limited, the EU promotes its interests by deploying its diplomatic and political resources without resorting to military force. As a result, its presence and activity doesn't create tensions and turbulences in global affairs (Cassarini 2007). On the other hand, the absence of military hard power and political consensus between the

Member states regarding foreign policy objectives, don't allow the EU to be on equal footing with other great power- like the USA and China.

Being widely recognized as a “creator of norms” and an “outward normative power” the EU has largely established (alongside the USA) the regulatory framework of global governance in the last three decades (Therborn 2011). EU is an international power that promotes its own economic and social model, based on the principles of liberal democracy and private but regulated market beyond its borders. The European economic and social *acquis* has been a popular example for several third countries (Hardacre & Smith 2009).

These two preceding aspects make the EU a predominantly soft power. Matching the definition of “soft power” to the international identity of European Union, EU express “its power by coercion and by using normative, economic and structural tools of foreign policy supplementary to hard power” (Nye 2005).

Finally, the economy is one of the most identifying features of EU's power profile in the literature (Gamble & Lane 2009, Balfour & Emerson 2011). The European Union is not only the second biggest economic block of the global economy, but also the biggest exporter and the biggest provider of development aid, as well as the most important source and the second most important destination of Foreign Direct Investment (Papanikolaou 2021). Moreover, the euro, the common currency of the euro-zone, is the second most powerful international currency in the global monetary system.

The EU has established close trade and investment partnerships with the major economic powers of the global economy in the last two decades. In addition, it is considered to be a privileged economic partner for the majority of the developing countries. As noted by Smith (2014), “the EU is positioned between the East and West in the tri-polar international economic system of the 21st century”.

3. The EU and the crises

According to Womack (2017, p385), crises -whether political or economic- “expose the foundational assumptions of the existing order and raise the prospect of a future order that is structurally different from the past’. A typical crisis begins with an event that shakes the credibility of the existing order and gives rise to growing concerns about the possibility of a transition to a new status quo.

The majority of crises are political, economic and social. Nevertheless, economic and social crises can also be caused by natural and human (health) disasters. There are many forms of economic crises, such as currency crises,

financial crises, inflation crises, debt crises, oil shocks and sovereign defaults (Reinhart & Rogoff 2011). Systemic crises are a result of gradual structural changes that take place in the longer term. On the other hand, emergency crises are also common, which do not result from gradual changes but rather from emergency events that shake the world order. The global financial crisis (GFC) of 2007-2009 was the biggest financial crisis of the global economy after the end of World War II. Despite the fact that the American financial system was the starting point of the crisis, the crisis spilled quickly into the rest of the global economy. The crisis hit harder the developed economies including the EU.

The Euro-crisis (2010-2015) was the second part of the global economic crisis. It was a regional crisis that hit very hard the Euro-zone, creating severe problems in the public finances of several member states and endangering the sustainability of the European banking system. While the crisis started in Greece, a small economy in the context of the Eurozone, the poor reaction of the European authorities, the vulnerabilities that had already emerged from the GFC in the European banking system, and the incomplete nature of the Eurozone turned the crisis into an existential crisis the European monetary union itself.

The crises caused by natural and human disasters can easily evolve into economic and social crises, given their severe economic and social consequences for societies. For example, the Covid-19 crisis started as a health crisis in February-March 2020 and within a couple of months turned into a severe global economic crisis. European economies are among the most affected by the economic crisis of the pandemic.

During the last three quarters of 2020 and the first quarter of 2021 the EU's GDP recorded a cumulative decrease of 5%. Moreover in 2020 the trade of the European Union of 27 member states was hit hard by the pandemic, with a significant reduction observed for both exports (-9.4%) and imports (-11.6%) compared with 2019 (Eurostat 2021).

4. Changes in the trade and investment power of the EU during the decade 2008-2018

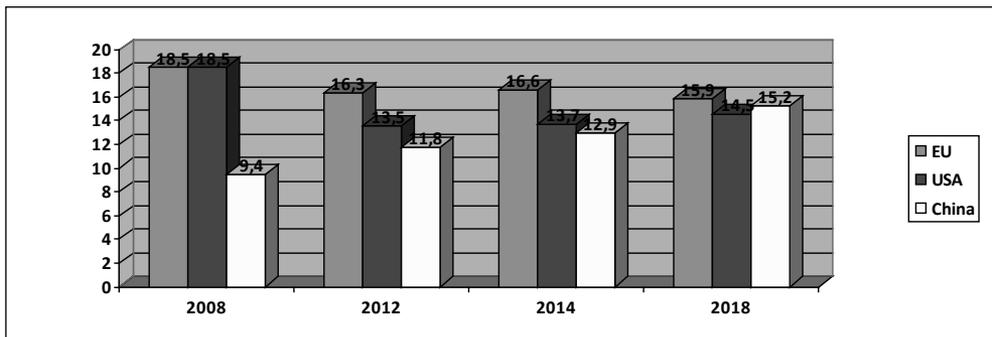
The aim of this section is to provide an evaluation of the changes that occurred in the trade and investment power of the EU during the decade 2008-2018. On the one hand, the position of the EU in the global trade and as a major investment player is being examined, and on the other hand, the European trade and investment policies and strategies are being evaluated during the specific period.

4.1 Trends of global and European trade & European Union

The EU was the biggest trade bloc in the global economy during the decade 2008-2018, although its share in international trade recorded a decrease of 18% during that period. More specifically in 2018 the share of the EU was 15.9% of total global trade compared to 18,5% of total global trade in 2008 (Graph 1). The biggest decline of the European share was recorded in the period 2009-2014 due to the recessionary consequences of the Euro-zone debt crisis on the European economies.

The variability of the trade performance of the European Union was critical regarding the total economic performance of the European countries, because of the great dependence of the European economies on international trade, in 2016 the value of the EU exports of goods and services was equal to the 44% of its total GDP (Eurostat 2018).

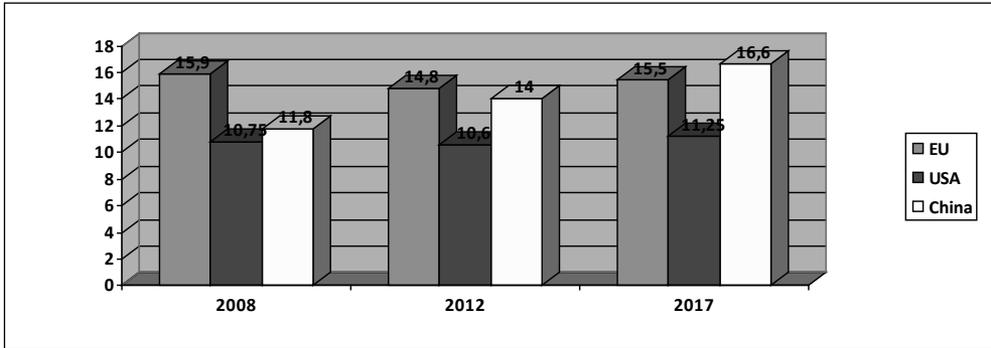
Graph 1: Changes in EU, USA and China trade shares (% of global trade)



Source: Eurostat 2018.

The performance of the EU in the exports of goods and services recorded a small decrease during the decade. Specifically, the share of the EU in the exports of goods recorded a decrease of 3%. However due to the big increase of the Chinese share of exports, the EU has dropped in the second position of the world ranking for the exports of goods (Graph 2). Respectively, the share of the EU in the exports of services recorded a decrease of 4% (Eurostat 2018). However, despite this decline, EU remained in the first position of the world ranking for the export of services.

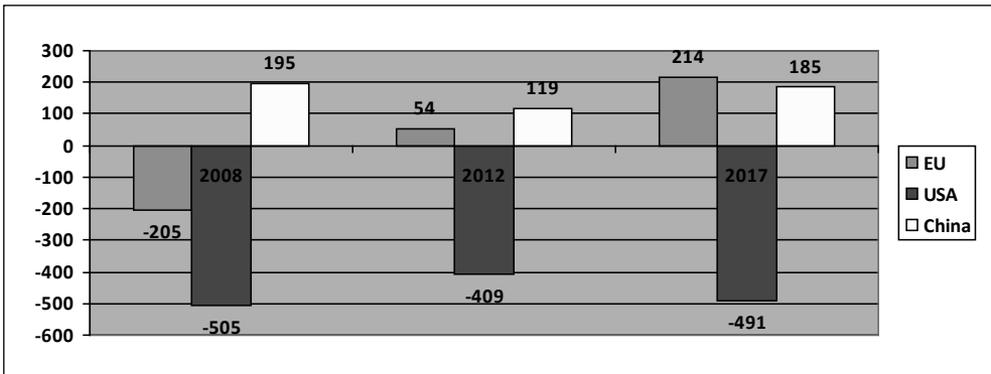
**Graph 2: Changes in EU, USA and China export trade shares
(% of global exports of goods)**



Source: Eurostat 2018.

Despite the decrease in its export performance, the trade balance of the EU has changed from a deficit of €205 billion in 2008 to a surplus of € 214 billion in 2017 (Graph 3). The positive change of the trade balance of the EU occurred mainly due to the bigger decrease of the European imports in comparison with the much smaller decrease of the European exports.

**Graph 3: Changes in the trade balance of EU, USA and China
(€ billion)**



Source: Eurostat 2018.

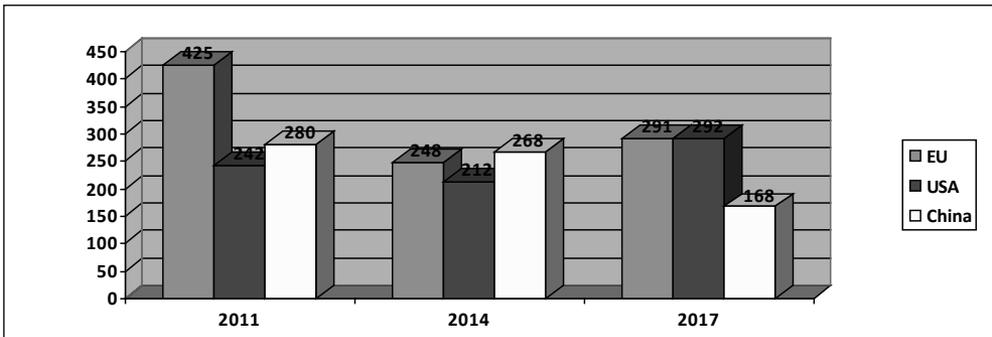
Despite the negative impact of the crisis in its performance, the EU remains a great trade power. Its trade power is still the most powerful source of its total economic power. In the eve of the pandemic, EU had the biggest share globally in total trade, the biggest share in the exports of services and the second biggest share in the exports of goods. Furthermore, EU was the trade bloc with the widest geographic influence in the multilateral trade system¹.

Because of the size of its market and its share of world imports, its trade policies, use of export subsidies, imposition of anti-dumping measures, and regulatory barriers to trade have significant implications for the producers and service providers of other countries.

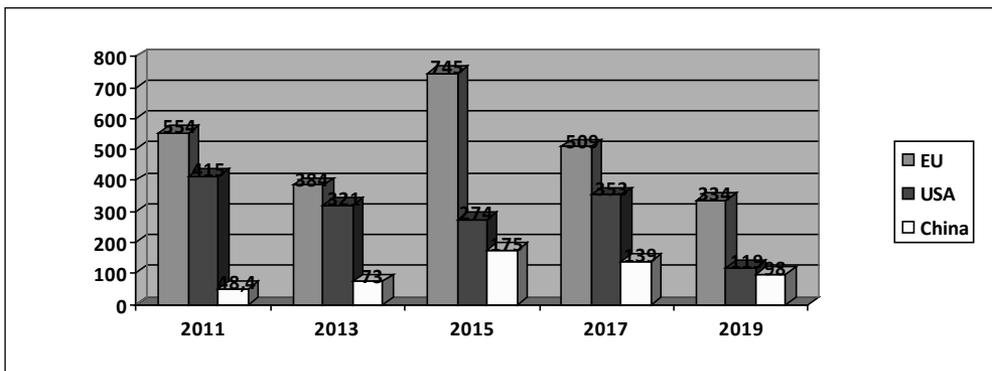
4.2 Trends of Global and European FDI

The EU was the biggest recipient of inbound investment flows in the global economy during the decade 2008-2018. In 2011 the amount of inbound investment flows in the Member States of the EU exceeded the 400 billion dollars, almost double the amount of the inbound investment flows of the American economy. Due to the consequences of the euro-crisis, in 2014 the amount of the European inbound flows was reduced by 50% in comparison to 2011 (Graph 4). In the three-year period 2015-2017 the trends in the inbound flows stabilized and as a result, in 2017 the inbound investment flows in the European economies reached 300 billion dollars matching the inbound flows to the American economy (OECD 2018).

Graph 4: Changes in inbound FDI flows EU, USA and China (\$ billion)



Graph 5: Changes in outbound FDI flows EU, USA, China (\$ billion)



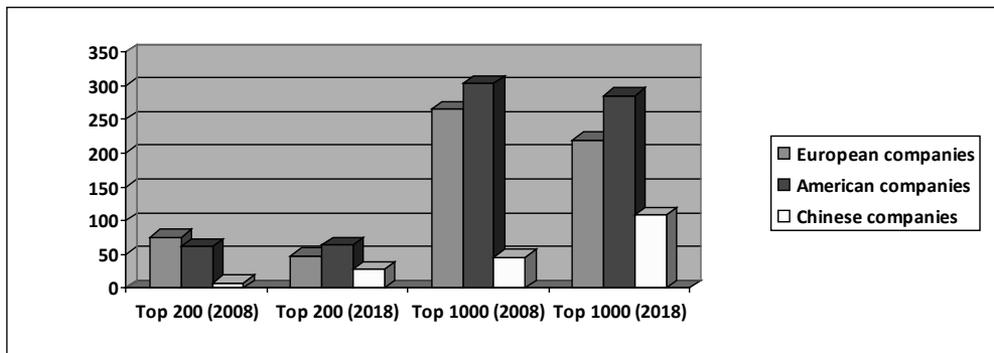
Source: OECD 2018.

The EU was the world's largest exporter of international investments during the decade 2008-2018 exceeding the respective performances of other great economic powers such as the United States and China. In 2011, the amount of the European investment funds that were channeled in third countries was over half trillion dollars, equal to the amount of the American and the Chinese investment funds combined (Graph 5).

In the next three years, due to the consequences of the euro-crisis, the level of the European outbound flows was reduced by 30%. In 2015 the European outbound flows reached the peak of the decade exceeding 700 billion dollars. In the next four years due to various reasons, the amount of the European outbound flows has been reduced to the level of 2013 remaining however well ahead of that of the USA and China (Graph 5).

The companies that have their financial and administrative basis in EU member states, faced a shock during the Euro crisis. The crisis of the European banks and the restrictions in credit provision was critical regarding the difficulties that "European" companies faced (Bekes et al. 2011). Affected by these credit conditions but also the twin recession of the European economy during the 2010s the presence of the "European" companies in the classification of the bigger multinational companies of the global economy was weakened.

Graph 6: Changes in the hierarchy of the multi-national companies during the decade 2008-2018



Source: Forbes 2018, Papanikolaou 2021.

4.3 EU trade policy

Trade politics is arguably one of the most important dimensions for defining how the EU is understood by international economic organizations and third-country firms and governments. The EU's economic capacity, which trade policy seeks to harness, is central to depictions of the Union as a global actor and trade policy is Europe's most potentially potent foreign policy instrument (Young & Peterson 2014).

The European Commission contended that “effective trade policy is critical... in projecting EU values and interests in the world».² Undoubtedly trade is the economic strength of the Union that provides the foundation for all its external activities (Bretherton & Vogler 2006). Trade is at the very core of the EU’s potential or actual power and it uses its power through trade to promote European values and principles (Meunier & Nicolaidis 2006). It is the Union’s formidable economic power that is at the centre of the characterization of the EU as a civilian and normative power.

In 2006 the Commission spelled out the “Global Europe” strategy. Central aim of the Global Europe Strategy was the promotion of free and open trade as a mean to foster growth, employment and development and also to continue being at the head of the international trading system.³ The most distinctive aspect of Global Europe was its emphasis on pursuing market access through bilateral agreements. The focus on economically significant markets represented a departure from the EU’s existing trade agreements. Global Europe presaged a shift from multilateralism to competitive liberalization, a situation where the EU and the US compete with each other to secure access to valuable third markets (Heron & Siles-Brugge 2012).

In the aftermath of the 2008 Financial Crisis and given the unfolding Eurozone Crisis, the greatest perceived threat in the eyes of EU trade policymakers has been the potential for protectionist tendencies to develop, as these threaten not only the EU’s external trade agenda but also the liberalism of its import policies (Siles Brugge 2014).

In 2010 the European Commission spelled out how trade policy would support the objectives of the EU’s 2020 growth strategy, a broad program for economic recovery from the post-2008 recession.⁴ The central aim of the “Trade, Growth and World Affairs” strategy was to boost foreign demand for European goods and services while increasing European Union competitiveness by the opening Europe to FDI. The only significant variation with respect to the 2006 strategy was in terms of the new emphasis placed in “reciprocity”. This emphasis was based in the perception that EU has the ability to use access to its market as a tool to exact concessions from trading partners (Siles Brugge 2014).

The European Commission affirmed the agenda of Global Europe Strategy in pursuing ambitious bilateral trade agreements with important trading partners in order to increase the geographical trade influence of the EU.⁵ There was also an even more explicit focus on the EU’s largest trading partners, and the emerging economies: the US, China, Russia, Japan, India and Brazil. Moreover, the European Commission stressed the “depth and quality” of trade relationships, leading to a focus on regulatory barriers to goods and services.

In the years after 2010 the EU embraced a more assertive strategy in order to defend its economic interests with greater self-confidence. For example, the EU has given greater emphasis on enforcement in order to ensure that other trade power abided by the agreements, and that the Union is using trade defense instruments to combat unfair trade practices. As Commissioner De Gucht stated “the EU should remain an open economy, not a disarmed economy”.⁶ In contract to certain provisions of Global Europe, which envisaged reform of the EU’s anti-dumping practices to make them more liberal, the Commission rejected any reform of anti-dumping until the conclusion of WTO negotiations in order to “avoid efforts being portrayed as unilateral disarmament”.⁷ The provisions of this new trade strategy of the EU were designed to be more pragmatic in order to protect on better terms the trade interests of the EU in the global economy.

In 2018 EU was involved in a serious trade dispute with the U.S. because of the protective measures of Trump’s administration. The EU responded to the U.S. imposition of tariffs on EU exports of steel and aluminum in three ways-filling a dispute settlement case in the WTO, applying rebalancing tariffs under Article XVIII of the WTO’s GATT and readying safeguard actions against a possible surge in steel and aluminum imports that have been deflected from the U.S. market (European Parliament 2018).

4.4 EU investment policy

The cacophony created by the absence of EU competence in foreign investment policy in the past had affected the European’s ability to speak with a unitary and coherent voice in global investment governance. The Member states had disparate, heterogeneous preferences when it came to managing the inbound FDI in the single market and when it came to promoting the European outbound FDI in the global markets. When it comes to shaping the international environment for outbound investment, the EU wasn’t able to impose its norms, values and rules on the rest of the world. Cacophony and lack of cohesiveness have prevented the EU to have a significant influence on the international investment regimes in a way commensurate with its place as the world leading exporter of FDI (Bungenberg 2011).

When it comes to market access, the EU wasn’t able to capitalize on the size of its single market, which is a very attractive destination to foreign investors. Because the member states were negotiating on their own and rarely acted cooperatively, they couldn’t use the market power of the whole EU (Meunier 2014). The Lisbon Treaty transferred competence by subsuming foreign direct investment under the common commercial policy. Therefore, the Commission negotiates BITs, protects EU outbound FDI abroad and regulates inbound FDI

on behalf of the member states. In the last decade the EU has started to speak with a single voice in the field of foreign investment policy.

In December 2012, the “grandfathering regulation” was adopted.⁸ The “grandfathering regulation” was the establishment of transitional arrangements for bilateral investment treaties between Member States and third countries. The goal of the European institutions was to clarify the relationship of the bilateral agreements with Union law and policies. The long-term goal was the progressive replacement of these agreements by investment agreements of the Union.⁹ In 2015 the EU agreed on a reformed investment dispute settlement approach through the proposal for an Investment Court System which should culminate in a permanent multilateral investment court project to rule on investment disputes.

EU has sought to exercise comprehensively its investment power by requiring that an investment agreement should include fair and equitable treatment (FET), full protection and security, national treatment and most-favored nation (MFN) treatment as well as guarantees against uncompensated expropriation and an umbrella clause (Chaisse 2012). It seems that the EU is determined to seek a high level of protection for its investors abroad. While promoting a high level of investor protection, EU seeks to increase Europe’s attractiveness as a destination for foreign investment. The investment treaties of EU include all the standards of treatment currently contained in EU Member State investment treaties. The most important standards of treatment are the umbrella clauses, the non-discrimination standards, fair and equitable treatment as well as full protection and security, transfer clauses and expropriation (Chaisse 2012).

4.5 EU trade and investment agreements

Within the global economy, the EU and the US are engaged in a form of structural competition in which each uses bilateral, regional and multilateral agreements to protect and advance their respective economic interests. Globalization has made such competition even more complicated. As we saw above, the EU for its part has attempted to manage globalization by combining liberalization with formal and informal practices to bind market players and their governments (Sbragia 2010).

Since both economic powers have major states in third markets, neither can afford to ignore the other’s actions into such markets. Competition between US and EU firms for access to those markets underpins much of the external politics of trade and investment for both players, and that structural competition represents an important element of trade and investment policy in both (Sbragia 2010).

One of the main elements of the economic strategy of the European Union during the crises was the establishment of trade and investments agreements with an increasing number of countries. The majority of these agreements concerned countries of Asia, South America and Africa. According to the Tables 1 & 2, the trade and investment agreements that EU signed during the decade 2010-2020, include agreements with three developed industrial countries (Japan, Canada, South Korea), two big countries of South America (Peru, Colombia) and two countries of Eastern Europe (Serbia, Ukraine). EU is currently negotiating large scale trade agreements with big developed and developing economies such as Australia and India as well as with important regional economic blocs such as Mercosur and ASEAN. The collective gravity of the partners of the EU in the global economy indicates the importance of the agreements regarding the trade and investment performance of the EU.

Table 1. EU Free Trade Agreements during the decade 2010-2020

Country/Region	Date
Serbia	2013
Colombia	2013
Peru	2013
South Korea	2015
Economic Communities of West & East Africa	2016
Canada	2017
Ukraine	2017
Ecuador	2017
Singapore	2017
Japan	2019
Vietnam	2019
Mercosur	2019/Initial political agreement
ASEAN, Australia, India	Under negotiation

Source: European Commission 2020.

The extension of the network of trade agreements was a strategic choice of the EU in order to maximize the economic benefits, while compensating for the recessional impact of the euro crisis. According to European Commission's statistics, some of the trade agreements that EU signed, had a measurable benefit for the European trade performance. For example, five years after the

implementation of the free trade agreement between the EU and South Korea, the exports of goods from the EU to the Asian country grew by 55%, facilitated by the provisions of the agreement (European Commission 2016). Respectively two years after the implementation of the free trade agreement between EU and Canada, the European exports to Canada grew by 22% (European Commission 2019).

The opening up of more markets for European exports compensated in some extent the loss of shares in other important markets to the European exporting interests. It is worth mentioning that the benefits from the trade agreements were equally shared among the member states of the European Union (Παπανικολάου 2021). The exporting economies of EU, mainly the economies of Western and Northern Europe have benefited more than the economies of the South and the Eastern countries of Europe.

Through the investment agreements, the European Union seeks to promote the increase of European investments in third countries, while seeking to facilitate the attractiveness of foreign investors in order to invest in the European economies. The real priorities in the EU investment policy consist of two important features. First, setting improved standards of investment protection will lead to innovations in rule-making in the international investment regime by creating new rights and obligations. Secondly, it gives preference and change the paradigm of EU approach towards investment liberalization (Chaisse 2012).

“Trade for All” is the new trade and investment strategy for the European Union, proposed by the European Commission in 2015. The central aim of “Trade for All” is the strengthening of the trade and investment performance of the EU in the evolving global economy. It prioritizes concluding major ongoing projects like the Doha Round of WTO talks, the EU-Japan FTA and the EU-China investment agreement. It opened the door to new negotiations in the vital Asia-Pacific region (like FTA with Australia, New Zealand, the Philippines and Indonesia) and plans a deepening of the EU’s relationships with African partners. Thirdly it modernized existing FTA with Mexico and Chile (European Commission 2015).¹⁰

On the top of all trade and investment agreements of this specific period was the TTIP, the proposed trade agreement between the EU and USA. According to K. de Gucht, the TTIP would have been the largest bilateral trade initiative ever negotiated not only because it would have involved the two largest economic areas but also because of its potential global reach in setting an example for future agreements.¹¹ Negotiations were halted by the decision of D. Trump’s administration, which considered that TTIP wasn’t in favor of the American trade interests.¹²

Table 2. EU Investment Agreements during the decade 2010-2020

South Korea	2011
Canada	2012
Economic Communities of East & South Africa	2012
Central American Common Market	2013
Peru	2013
Colombia	2013
Ecuador	2013
Kazakhstan	2015
Ukraine	2016
Singapore	2018
Japan	2018

Source: European Commission 2020.

5. Crises and EU' status as a global economic power

The global financial crisis and the euro-crisis were two events that affected the European influence in the international system and brought about significant changes to the international balance of power. These changes have served, among others, as a warning for EU authorities to reinforce European economic power, in order for the Union to become a more competitive player in the international economic competition.

European Union's share in international trade recorded a decrease of 18% during the decade 2008-2018. The share of EU in exports of goods recorded a decrease of 3% while its share in the exports of services recorded a decrease of 4% in the same period. The consequences of the euro crisis in the European economies had a negative impact on the European weight in the international trade.

The investment performance of EU was also affected during the two crises. The attractiveness of the Single Market as an investment destination declined the decade 2008-2018. The level of the inbound investment flows in member states of EU in 2018 recorded a decrease of 25% compared to the level of the inbound flows in 2008. The recessional consequences of the crises in the European economies had negative implications in the investment environment of the European Union.

The investment activities of the European multinational companies recorded an even bigger decrease during the decade 2008-2018. The level of the European outbound flows in the global economy were reduced by 40% in 2018 compared to the level of the outbound flows in 2008. The consequences of the crises in the European economies had a significant impact on the ability of European

companies to compete with the American and Chinese companies for bigger shares in the global market.

All in all, the EU recorded significant fall in its economic power compared with the pre-crisis period. EU is the economic power that was affected more by the two economic crises in comparison with the other major economic powers. Still, the EU remains an economic superpower having significant influence in all the dimensions of the global economy. The position of the Single market in the global economy, its trade and investment performance as well as the significant influence of the single currency are the main sources of the European economic power in the contemporary international system.

The strategy of the EU in trade and investment during the crisis period has gradually shifted to become more pragmatic and to have a more defensive and reciprocal character than in the pre-crisis period. This shift was affected by the pressure imposed mainly by the two economic crises, which forced EU to make significant changes in its trade and investment strategy in order to participate on better terms in the global economic competition. Moreover, the emphasis on enforcement in general, and trade defense instruments in particular, was based on the need to secure real benefits for European firms.

During the 2010s trade and investment diplomacy became a more critical tool of the EU foreign policy. The Union used trade and investment policies most actively as tool to try to influence the political behavior of other states. Furthermore, it used tools of trade and investment diplomacy in order to respond to offensive actions taken by other economic powers (USA, China, Russia) against the European economic interests.

Despite the shifts on the trade and investment strategy, the EU continues to constitute the most authentic supporter of the international liberal economic order placed between the two other great economic powers (USA, China), which are engaged in a bipolar confrontational competition during the last decade. The EU managed to maintain during the two crises a position of balance between the two powers, sometimes adopting approaches closer to the American views, and sometimes closer to the Chinese positions. This position between the USA and China was even more difficult during the years of Trump's administration and the isolationist shift of the USA in various issues of global economic governance. The global normative governance and the global trade governance were the main sectors where there was a difference of opinions between Brussels and Washington regarding the evolution of the global economy.

At this point, a question arises, namely whether and how the Covid-19 crisis will affect the orientation of the EU as a global actor and the international balance of power. The pandemic of Covid-19 has served as a double catalyst. On

the one hand, it tested the resilience of the EU and its member-states, which are positioned between China, where the crisis started, and the US, where the crisis escalated. On the other hand, it is a test for the balance of power between the three major economic powers (Gomart & Martini, 2020).

Notes

1. For a significant number of economies in the world, their leading export and import trading partner in terms of value is the European Union.
2. European Commission 2012a :2
3. European Commission 2007: 26
4. European Commission 2010e: 1
5. European Commission 2010e: 11
6. De Gucht 2011b: 2
7. European Commission 2010g
8. Regulation No. 1219/2012 of the European Parliament and the Council of 12 December 2012 Establishing Transitional Arrangements for Bilateral Investment Treaties Between Member States and Third Countries, O.J. (L 351) 40.
9. Report on the application of Regulation (EU) 1219/2012 establishing transitional arrangements for bilateral investment agreements between Member States and third countries (europa.eu)
10. Trade for All - Towards a more responsible trade and investment policy (europa.eu)
- 11 Karel de Gucht, Foreword in J. Morin, T. Novotna, F. Ponjaert & M. Telo, *The Politics of Transatlantic Trade Negotiations, TTIP in a Globalized World*, Routledge, 2015, p. 17
12. The negotiations ended without conclusion at the end of 2016. A Council decision of 15 April 2019 stated that the negotiating directives for the TTIP are obsolete and no longer relevant.

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