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BEYOND AID: HOW TRADE INTERESTS TRUMPS EU-ASEAN DEVELOPMENT COOPERATION

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Abstract

The EU Agenda for Change adopted in 2011 is the basis of the current EU´s development policy and aims at responding to the changes undergoing in the international development arena. One of the key principles and policy priorities of this agenda is differentiation which manifests the EU intention to increasingly provide aid only to Low Income countries (LICs). This paper will critically analyse to what extent this shift to differentiation is shaping the relations between the EU and ASEAN. It will argue that EU relations with ASEAN have always been differentiated from other developing countries as they have been subordinated to trade interests rather than development goals.

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INTRODUCTION

The emergence of new state donors from Latin America, Middle East and Asia as key development partners offering alternative models of development cooperation has had a significant impact on the workings of the international development cooperation arena (Hackenesch & Janus, 2013). The main distinction between the traditional and emerging donors has been the fact that, unlike the former, the latter present themselves as interested parties in what is described to be a mutually beneficial relationship with their development partner countries. In general, these emerging donors have been less eager to respect the dominant OECD-DAC normative discourse on quantity and quality of aid to focus more on mutual economic gains from the relationship. In exchange for aid from these emerging donors, beneficiary countries have been less constrained by political conditionalities and less subjected to scrutiny or oversight on macroeconomic policies (Smith, Yamashiro Fordelone et al.2010; Mawsdley 2012; Castillejo, 2014).

The 2011 Busan Forum on Aid Effectiveness has marked this shifting trend in the international development cooperation arena (Mawsdley et al., 2013). The OECD/DAC-led aid effectiveness agenda conditioning traditional donors´ commitments on aid quantity and quality under negotiation since the early 2000s has been taken over by a generic and flexible effective development cooperation agenda shaped and pushed forward by the voluntary will of emerging donors´ commitments. The Busan Declaration (OECD, 2011) shows clearly how the new context is gaining relevance in shaping the policy contours of the international development cooperation arena. First, "development aid" is by effective "development cooperation". Second, developing countries are recognised as *de facto* partners, accepting the mutual benefits of a partnership as highlighted by emerging donors. Third, norm adaptation and monitoring stop being led "donor-driven forums" such as OECD/DAC to be decentralised to the field level and other organisations. Finally, it acknowledges flexibility in the way development cooperation is being carried to open the space for emerging donors that do not agree with the norms developed in the context of the OECD/DAC. The Busan outcomes have clarified a debate that was already undergoing on the changing features of the international development cooperation arena and that has become known in aid policy jargon as *Beyond Aid* (*BA*).

The EU Agenda for Change adopted in 2011 is the basis of the current EU´s development policy and aims at responding to the changes undergoing in the international development arena (EC, 2011). One of the key principles and policy priorities of this agenda is *differentiation* which basically manifests the EU intention to provide aid only to Low Income countries (LICs). This paper will critically analyse to what extent *differentiation* has shaped the relations between the EU and ASEAN.

1. BEYOND AID (BA) & THE EU AGENDA FOR CHANGE: HOW DIFFERENTIATON IS SHAPING EU DEVELOPMENT POLICY

For Janus et al (2014), *BA* rests on four "partially overlapping" features: (1) proliferation and diversification of actors (states, line ministers, global funds, cities, private sector, foundations, non-governmental organizations, faith-based charities); (2) additional and new sources to finance development (foreign direct investment, remittances, national tax revenues, public-private partnerships, blended finance, international financial transaction taxes, carbon emission certificates and airline taxes); (3) new regulatory approaches (international policy regimes on trade, migration, climate or policy coherence for development – PCD) and (4) growing knowledge sharing (new farming techniques, improvement of public financial capabilities or climate change technology transfer). In a way, *BA* acknowledges that the fast changes in the works of the international development aid arena since the early 21st century.

The EU Agenda for Change is now in its 6th year and it is based on two main pillars: (1) the promotion of human rights, democracy, rule of law and good governance and (2) the promotion of inclusive and sustainable growth. The most important shifts in policy direction are directly related with the latter pillar (EC, 2011). First, it puts forward the EU's clear interest in engaging the private sector (through new financial instruments such as blended finance) to pursue the goal of inclusive and sustainable growth and differentiated development partnerships in which aid will be increasingly directed towards LICs rather than Middle-Income Countries (MICs). Aid provision is to be based in four criteria: country needs, country capacity, country commitments and performance, and impact in terms of results. Thus, the country´s commitment to and record on human rights, democracy and the rule of law, ability to conduct reforms and to meet the demands and needs of its people is expected to determine the ODA levels it may receive from the EU (Gavas, 2012, Herbert, 2012). The EU Agenda for Change seems to answer to the new *BA* context.

First, by bringing forward the private sector as a crucial partner in pursuing her development policy (EC, 2014). The EC Communication entitled *A stronger role of the private sector in achieving inclusive and sustainable growth in developing countries*, reinforced and clarified how the EC intends to work with the private sector: playing "a stronger role as facilitator of companies´ own engagement for development, for instance by encouraging responsible investment in developing countries, or sustainable supply chains and production patterns".

Second, by creating and adopting a new financial instrument such as blended finance to catalyse private sector investments for development (EC, 2014). Blended finance involves the combination of grant aid sourced from official aid with other private or public sources of finance, such as loans, risk capital and/or equity. The grant aid is expected to leverage the additional non-grant financing to deliver needs that are failing to be addressed particularly in sectors crucial for economic growth such as like infrastructure, energy or private sector development projects. Grant aid can take different formats with the most commonly practiced being direct investment grants, interest rate subsidies, and technical assistance (Bilal and Krätke, 2013).

Third, the private sector is an important partner in pursuing the *differentiation* development partnerships. In her attempts to foster the principle of policy coherence for development at the EU level as adopted by the Lisbon Treaty, the EU regards *differentiation* as a potential path to achieve results and impact (Carbone and Keijzer,2016). As it states on its website: "taking into account the increased *differentiation* between developing countries, the EU shall seek to target its resources where they are needed most to address poverty reduction and where they can have the greatest impact. Greater emphasis will be put on the poorest countries including Fragile States. At the same time for countries already on sustained growth paths and/or able to generate enough own resources, this will result in less or no EU development grant aid and the pursuit of a different development partnership based on loans, technical cooperation or support for trilateral cooperation" (EC, 2011)

2. OVERVIEW OF CONTEMPORARY EU-ASEAN COOPERATION

The above statement basically acknowledges that the EU development policy aimed at developing countries is now following the same pattern that has always been at the core of EU-ASEAN relationship. As pointed out by Doidge (2016), in EU-Asia relations, development cooperation "has never been a priority" due to the primacy of economic, trade and business ties. In aggregate, Southeast Asia has always been a relatively minor recipient of EU aid in comparison with other regions such as sub-Saharan Africa or the Middle East (Doidge, 2016 and OECD, 2016). Nonetheless, the impact of the EU agenda´s *differentiation* policy is evident in the case of ASEAN, with Laos, Cambodia, Myanmar, Vietnam and the Philippines to continue as recipients of EU aid (with a total of 2 billion EURO in bilateral programmes) unlike Thailand, Malaysia and Indonesia (EC, 2015).

EU relations with ASEAN go back to 1972 when both sides began to develop closer ties and since then the EU has been more adept on pushing for more ASEAN trade openness and market access to benefit the bloc´s private sector. The EU is currently the second largest trading partner of ASEAN, and two-way trade between the two regions reached 201 billion EURO in 201, an increase of 11% from 2014 (EC, 2016). In 2015, ASEAN exported to the EU almost 118 billion EURO while the EU exported to the ASEAN 83 billion EURO (EC, 2016). In 2013 and 2014, the EU was the major source of foreign direct investment (FDI) in the region with 22.3 billion EURO and 29.3 billion EURO, respectively, ahead of Japan (ASEAN & UNCTAD, 2015). EU FDI investment was directed particularly to the financial, manufacturing and extractive sectors (ASEAN & UNCTAD, 2015).

In 2009, the EU decided to pursue bilateral Free Trade Agreements (FTAs) with ASEAN countries individually after failing to achieve a region-to region FTA. The EU has pursued both FTA and Partnership and Cooperation Agreements (PCA) negotiations in parallel with ASEAN members as a way to fasten and enhance her ties with the region (Khandekar, 2014). A PAC is a legally binding agreement between the EU and third countries. It typically enters for 10-year period, after which is automatically extended each year as long as there are no objections. With this agreement, the EU works to support the democratic and economic development of a country. The EU has already in force a PAC with Indonesia. Others have already been signed with Vietnam and the Philippines, initiated with Singapore and Thailand and under negotiations with Brunei and Malaysia (EC, 2016). The first FTA with an ASEAN member was concluded with Singapore in 2013 followed by Vietnam in 2015. Others are under negotiation with Malaysia (since 2010), Thailand (since 2013) and the Philippines (since 2015).

Current region-to-region ties can be analysed within the framework of the Joint Communication *THE EU and ASEAN: a partnership with a strategic purpose* adopted in 2015 by the EC and the Regional Programming for Asia Multiannual Indicative Programme 2014-2020. The new communication aims to “turn the relationship into a strategic one” and it includes four main cooperation areas: (1) connectivity; (2) green sustainability; (3) political and (4) security. It also points out that “connectivity is the central, unifying project at the heart of ASEAN today”. Within this overall central goal, the EU presents herself as a provider of non-hard infrastructure by offering regulatory aid (EC, 2015). In respect with this matter, the EU has focused on offering ASEAN joint programmes covering areas such as trade facilitation, standards conformance notably in food safety and pharmaceuticals, customs and transport, civil aviation, intellectual property rights, statistics and integration monitoring. Based on the Regional Programming for Asia Multiannual Indicative

Programme 2014-2020, the EU is to allocate 320 MILLION EURO for regional integration South and Northeast Asia (EC, 2014). This EU approach to ASEAN fits well into one of the goals of the EU Agenda for Change: "The EU should support regional and continental integration efforts (including South-South initiatives) through partners´ policies in areas such as markets, infrastructure and cross-border cooperation in water, energy and security" (EC, 2011).

The EU is the latest actor to attempt a strategy for the region, following the the footsteps of China, Japan and the US with the Joint Communication and the Regional Programming. However, EU financial commitments for ASEAN´s development seem to be only a fraction of what China and Japan, in particular, have already offered on their own or through regional development institutions that they led such as the Asian Infrastructure Investment Bank (AIIB) or the Asian Development Bank (ADB), respectively. Unlike China and Japan that are willing to fund infrastructure projects, the EU has clearly presented herself as a provider of non-hard infrastructure such as better regulation mechanisms. However, in times of still ongoing financial uncertainties in the EU, blended finance seems to offer the EU the opportunity to make her presence felt in Asia.

This will be done through the Asian Investment Facility (AIF) that will extend grants to leverage loans from international and European financial institutions in the region. The AIF launched in 2010 is one of the key instruments of the EU development cooperation with Asia in general and that covers all ASEAN members (with the exception of Singapore). The facility can also finance regional projects covering two or more of the above countries. It will focus in promoting the finance of key infrastructures in such areas as access to energy, climate change mitigation, environment and natural resources management, disaster preparedness and risk reduction. Among the types of financial operations provided by the AIF are: (1) investment co-financing in infrastructure projects; (2) loan guarantee cost financing; (3) Interest rate subsidy; (4) technical assistance and; (5) risk capital (EC, 2014). The contribution of the EC to the AIF is decided annually and the resources are made available from the EU´s Development Cooperation instrument (DCI). For the period 2010-2015, the EC has allocated an overall amount of 142 million EURO (AIF, 2015). Since its creation in 2010 and until 2014, the AIF approved 13 projects and grant financing totalling 62.4 Million EURO. This succeeded in leveraging a total investment of almost 2 Billion EURO (AIF, 2015). Among its financial partners are multilateral and bilateral European development financial institutions or the ADB.

The major development financial partner of the EU for Asia is clearly the European Investment Bank (EIB) founded in 1958. However, the EIB has only been authorised to lend in Asia in 1993. The EU´s new External Lending Mandate covering the period 2014-2020 that entered in force on July 1st 2014, is to provide up to 936 million EURO loans for operations in Asia. But in some cases, the EIB is authorised to offer lending from resources under the Climate Action and Environment Facility or the Strategic Projects Facility. This allows the amount available for lending to reach a combined total of 2 billion EURO (EIB, 2016). Since the beginning of the operations in Asia, the EIB has provided 5.8 billion EURO to 68 projects in Asian countries, particularly China (34%), India (21%) and Vietnam (11%). During the mandate for 2007-2014, the EIB supported 28 projects with a total 3.6 billion EURO, with 1.3 billion EURO from the Asian mandate, 1.9 billion EURO under the Strategic Projects Facility and 382 million EURO under the Climate Change Mandate (EIB, 2016).

In sum, the current EU-ASEAN relations are not much different from the behaviour pattern developed by emerging donors to favour their own economic interests and companies in relations with third countries. In a way, EU looked at the dynamic economies of ASEAN more in terms of potential economic partnership based on the concept of mutual benefit (Doidge, 2016). As the world´s largest ODA donor (European institutions together with Member States), the EU has not been immune to the influence of this new aid context and this is visible in her attempts to link development with trade policies also as an answer to the growing South-South trade relations and integration (UNCTAD, 205).

In consequence, the EU current development policy shows well its contradictions between EU discourse and practice as a normative power. While the EU development policy has been very much built around a normative-based discourse (Manners, 2002), the EU´s increasing push for her economic interests vis-à-vis their partners challenges EU moral responsabilities (Manners, 2008 and Orbie, 2012). One of the best examples of this contradiction has been the negotiations on Economic Partnership Agreements (EPAs) with ACP countries. The EU has pushed strongly for ACP countries to open their markets to European goods and services in exchange for duty-free market to European consumer and commodities market. The EU´s imposition of economic conditionalities enhances the ambivalence between interests and norms that brings unease to the relationship between the EU and developing countries. This contrasts with the behaviour of emerging donors, who develop looser relations and are not so intrusive and tend to steer clear of macro-economic policymaking (Waltz & Ramachandran, 2011).

2.1 TRADE ABOVE DEVELOPMENT AS POLICY PATH DEPENDENCE IN EU-ASEAN COOPERATION

Unlike ACP countries, ASEAN countries were excluded from the early European development frameworks such as Yaoundé and Lomé and in consequence, development aid to the region has tended to be much lower, less programmatic, ad-hoc and of short-term nature than to ACP partners (Doidge, 2016). In this way, the EU seemed to have already set a development differentiation partnership with ASEAN since the mid-1950s. For Doidge (2016), this differentiation at policy formation could be explained by geographical distance (in relation to "Francophone Africa"), potential unreliability as a source of raw materials due to the regional influence of China and Soviet Union (in Indochina and Korean peninsula) and ongoing British (colonial) influence (unlike France).

The growing and noticeable economic emergence of the region from the 1970s motivated the EU to start paying attention to ASEAN. The first formal region-to-region pact between the EU (then EEC) and ASEAN was a trade and economic cooperation agreement in 1980 (Lim, 2012). But it is only in 1994 with her *Towards a New Asia Strategy*, that the EU revealed the urgency in strengthening her economic ties with the region: ´the main thrust of the present and future policy in Asia is related to economic matters" (EC, 1994). It can be argued that this strategy set the nature of the policy path dependence between the two regions based on trade ties and market access. Interestingly, this new policy followed a well-known World Bank Report on Asia a year earlier entitled the "East Asian Miracle" (World Bank, 1993).

This "miracle", nonetheless, also represented a threat due to the region´s growing competitiveness at the global market, in particular in important EU industrial sectors such as textiles and clothing, consumer electronics, steel or shipbuilding (Doidge, 2016). This explains why in the new strategy, it is stated that "with regard to economic co-operation" with the region, "the direct participation of the private sector is also a *sine qua non*" (EC, 1994). Among the activities to "ensure that European private sector is faced with a trading and investment which is conducive to economic growth and international trade" are: lobbying Asian partners on regulations, provision of expertise and policy advice, promotion of business cooperation, ties between European business associations and Chamber of Commerce, science and technology cooperation, support of investment through financial incentives and trade promotion (EC, 1994).

This EU approach to Asia in general, and ASEAN in particular is in strike contrast with the engagement with ACP countries where there was an original attempt to attend to their primary development needs. Since the late 1990s, with the 1996 Green Paper on EU-ACP relations (EC, 1996), the EU has begun to reform her trade policies towards developing/emerging countries to push to an end to a non-reciprocal and special trade regimes dating from the 1970s and 1980s (Orbie and Martens, 2016). This followed the EU´s decision to adopt the mainstream Washington Consensus and prioritise economic over political conditions for the provision of aid (Mah, 2015). At the same time, the dominant non-reciprocal trade regime applied by the EU to ACP countries began to be contested due to its incompatibility with the WTO rules (Carbone, 2010).

As Doidge (2016) points out: "Indicative of the contrasting view held of Asia in this respect was the fact that, prior to the Lisbon Treaty, control over the main funding instruments for geographic engagement was split: funding for the ACP was oversee by the DG DEVCO (*the EU bureau in charge of implementing the Union´s development policy*) while that for

Asia was controlled by the DG for External Relations (*the EU bureau in charge of implementing the Union´s foreign affairs*). Relations with ACP states were seen as development issue, while those in Asia were seen simply as one of broader external relations". With the Lisbon Treaty (Treaty of the Function of the European Union) in place since 2009, both DG DEVCO or Development and DG for External Relations have now been absorbed into the new European External Action Service (EEAs) or the EU new diplomatic corps (Carbone, 2013). This organizational change also means that the EU can commit stronger to development policy or that this latter one can become subordinated to "superpower temptations" (Orbie, 2012). Furthermore, responsibility for EU trade with all developing countries is now under DG Trade which remains outside the EEAs. This configuration offers DG Trade more policy autonomy and explains why EU trade interests may not necessarily be affected or influenced by the need to build coherence with development cooperation policy (Woolcock, 2014).

The 2006 *Global Europe – Competing in the World* (EC, 2006) marks a turning point in the EU approach to trade interests by embracing preferential trade agreements as the her "offensive trade arsenal" (Siles-Brugges, 2014). This strategy called for the "opening (*of*) markets in which European companies can compete and providing new opportunities for growth and development" (EC, 2006). These markets were basically the emerging East Asian economies and ASEAN in particular. During this period, the EU began also to apply the principle of *differentiation* to trade with developing countries through the Union´s Generalized Scheme of Preferences (GSP) (Woolcock, 2014). The GSP allows developing countries to pay less or no duties on their exports to the EU giving them access to the world´s biggest market. With trade *differentiation*, more than 80 high-and middle-incomes countries have stopped benefiting from the GSP and a number of them, having lost non-reciprocal market access, moved to negotiate bilateral FTAS with the EU (Orbie and Martens, 2016). In sum, since *Global Europe* later enhanced in 2010 with *Trade, Growth and World Affairs* (EC, 2010), the EU´s trade agenda towards developing countries has been driven by liberalisation and growing reciprocity in accordance with WTO rules (Woolcock, 2012).

The EU´s approach has been facilitated during the past decade by the growing acceptance at the policy level that trade liberalisation is correlated with development (Siles-Brugges, 2014). Additionally, the EU trade policy discourse has also increasingly added-in values as democracy, good governance, human and labour rights and environmental sustainability. This was later formalised in the *Trade for All* communication in 2015 (EC, 2015). The debate on the impact of the entwining of EU trade and development policies for developing countries is a recurrent one (Carbone and Orbie, 2014). The 2012 *Trade, Growth and Development* strategy (EC, 2012) has emphasised that trade policy should be "tailored" for "those countries most in need", with trade preferences such as GSP seen as a crucial instrument in the fight against poverty. Yet, despite the EU´s attempts to combine, at least on a discursive manner, "good" norms with its trade and development policies, the reality of financial and Eurozone crises after 2008 calling for more EU growth and jobs and the increasing competition of emerging economies in the global market is making more difficult the practice of such rhetoric (Smith, 2013).

Orbie and Martens (2016) have shown how difficult is to reconcile the trade and development/ethical agenda as put forward by the Trade for All communication. First, they argue that enforceability of ethical principles in bilateral trade agreements is limited because it is "largely cooperative" and the threat of sanctions is absent. And second, this ethical agenda does not challenge the "underlying neoliberal paradigm that has characterised EU trade policy since the mid-1990s". This paradigm is precisely seen as responsible for the poverty of developing countries (Craig and Porter, 2006, Blunt, Turner et al., 2011). In the case of ASEAN, a recent work by Hoang and Sicurelli (2017) show how in negotiations for FTAs with Singapore and Vietnam, the EU did not differentiate between the two countries. In the case of Vietnam, a country that EU still considers LICs to benefit from aid provision within the Agenda for Change, the EU´s positions were led by market imperatives rather than normative ones.

At the core of this debate trade-development nexus, is the concept of policy coherence for development (PCD), the EU answer since the 1990s for the need to build synergies between aid and all the other development-related policy areas (Carbone, 2012, Woolcock, 2012, Sianes, 2013). The concept emerged following the recognition that it was not anymore sufficient to keep funding development projects with EU aid to achieve positive impact on partner countries without integrating development into all the other EU policy areas, such as trade, agriculture or environment (EC, 2005, Woolcock, 2012). Since the mid-2000s, the EU has sought to place PCD as the basis of the EU´s development policy and from 2009 it is concentrating her efforts in what considers to be five main global development challenges: 1) trade and finance; 2) climate change; 3) food security; 4) migration and 5) security (EC, 2017).However, as stated by Carbone and Orbie (2014), while the EU is aware of the fact that there should be a nexus between trade and development, it does not have a "clear or distinctive view on how this should happen".

For the OECD (2011), the new institutional framework set by the Treaty of Lisbon represents an important step forward for the EU development policy as it seeks to build more coherence, complementarity and unity between the development work pursed by the EC and Member States. This is important if the EU wants to manage strategic relationships with emerging economies in an increasingly crowded development aid landscape with a myriad of public and private actors to tackle global development challenges (ODI, 2013). However, the need to accommodate the different views and goals of a bloc, far from monolithic is a challenge for the EU as whole if she wants to portray herself as a normative power in development policy (Mah, 2015). As long as the bloc´s leading countries run their own foreign policy and their aid programs to pursue their "national interest" and have significant differences in their approaches to the new and challenging global order then it will be difficult to talk of a growing coherence in the EU development policy.

CONCLUSION

ASEAN is currently the most economically dynamic region in the world undergoing an integration and interconnectivity process as the global economic centre of gravity shifts towards Asia. The bloc has already signed FTAs with every country in the region except for North Korea and since 2015, ASEAN has moved to deepening economic community with the ASEAN Economic Community. Despite ongoing territorial disputes and security issues in the region, ASEAN has been sponsored a series of regional platforms such as the ASEAN Regional Forum (ARF), ASEAN+3 (ASEAN, China, Japan and South Korea), ASEAN+6 (+3, India, Australia and New Zealand), East Asia Summit (EAS, includes ASEAN+6, US and Russia) or ASEAN Defence Ministers Meeting Plus (ADMM+).

Since the 2006 *Global Europe*, the EU´s primary objective on ASEAN is to seek better trade relations through greater access to the region´s fast and sizeable growing markets of the region. Since the financial and Eurozone crisis, the image of the EU in the region has been negatively affected both as a norm-setter as well as an economic power. The complexity of the function of the EU with the multiple institutional layers and voices not always consistent and coherent has also helped building the portrait of an ineffective actor. EU´s recent steps, however, show the bloc´s willingness to reengage with the region. First, the signature in 2012 in Bandar Seri Bagawan (Brunei) for a new 5-year EU-ASEAN Plan of Action to provide a political framework to strengthen the dialogue (EC, 2012). The main gist of the new plan is engagement on a number of issues beyond trade. Second, in the same year, the EU accedes to the Treaty of Amity and Cooperation in Southeast Asia, a peace treaty in the region. India and China signed it in 2003 and the United States in 2009. Third, the appointment of the first dedicated EU ambassador to ASEAN in September 2014 (who took up his duties one year later) followed by the opening of an EU Mission to ASEAN on August 2015 in Jakarta. With this move, an EU ambassador to the region is expected to coordinate EU member states´ diplomacies in Southeast Asia and develop a more coherent and consistent EU approach to ASEAN. Finally, the adoption of a Joint Communication in 2015 to enhance EU-ASEAN ties towards a possible strategic partnership.

These are important steps if the EU intends to gain more influence and leverage in a region where China is emerging as a powerful economic power shaping regional development and growth through trade and financial initiatives such as Belt and Road Initiative (OBOR) and Asian Infrastructure Investment Bank (AIIB), respectively. Ultimately, it will depend on the EU capacity to offer financial support to either EU investors interested in the region or ASEAN governments. Access to finance and risk-sharing instruments in developing countries is an important prerequisite for EU investors seeking to venture into these markets. This is particularly true for areas such as construction, including transport, utilities and buildings, characterised by high up-front investments and high risk exposure. The fundamental challenge is that the EU businesses are already facing a tough (and mostly unfair) trade and investment competition in the region led by Chinese, Japanese and American counterparts that will require the EU to strive to guarantee a level playing field.

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