

Fragmented Power: Europe and the Global Economy

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The EU at 50

- Internal transformation
 - From 6 to 27 members
 - From a CU to EMU
- External environment has changed too
 - Within Europe: 1989
 - Globally: emerging powers

The EU: an economic giant like the US

SIZE	EU25	US	OPENNESS	EU25	US
MACROECONOMICS					
Share of world GDP (current US\$)	30	28			
Share of world GDP (PPP)	20	20			
TRADE					
Share of world trade*	18.1	16.7	Trade as a share of GDP*	19.2	20.8
ENERGY					
Energy consumption	16.8	21.6	Share of imports in energy consumption	72.1	42.2
ENVIRONMENT					
CO2 emissions	15.5	22.9			
DEVELOPMENT					
Share of official development assistance	52	26	Share of ODA in GDP	0.41	0.22
FINANCE					
Share of world financial markets**	22	46.9	Share of foreign assets in total holdings***	33.1	10.2
MIGRATION					
Share of world immigration****	20.9	20.2	Share of foreign-born in population*****	8.6	12.9

Two views of EU external policy

- Side product of internal dynamics
 - Inward-looking view
 - Sometime even protectionist: Community preference
- The EU as an open, full player in a global world
 - Helping Europeans prosper in a global world
 - Helping to create a new and better global order

The Bruegel project

- What are the challenges for the EU?
 - In terms of policy
 - In terms of global governance
 - In terms of internal governance
- Methodology
 - Seven policies: trade, development, competition, financial markets, monetary, migration, energy
 - Two horizontal issues: governance, coherence

Europe's map of the world

	Population (2005) (% of world)	GDP at PPP (2005) (% of world)	GDP per head (2005) (EU27=100)	GDP growth (1998-2007) (% per annum)
EU27	7.6	20.4	100.0	2.4
(Euro area)	(4.9)	(14.8)	(112.5)	(2.1)
Neighbours*	10.9	8.5	29.1	4.2
(Russia)	(2.3)	(2.6)	(42.1)	(5.4)
United States	4.6	20.1	162.8	3.1
Other advanced	4.5	13.9	115.1	1.8
(Japan)	(2.0)	(6.4)	(119.2)	(1.3)
Emerging economies**	60.8	34.5	21.1	6.1
(China)	(20.7)	(15.4)	(27.7)	(9.1)
(India)	(17.3)	(6.0)	(12.9)	(6.6)
(Brazil)	(2.9)	(2.6)	(33.4)	(2.4)
Other developing***	11.6	2.6	8.3	4.3
World	100.0	100.0	37.2	4.1
- G7****	11.4	41.2	134.6	2.4
- BRICS*****	43.2	26.6	23.0	7.8

The challenges: Three agendas

- Global agenda
- Transatlantic agenda
- Regional agenda

The global agenda

- Key issues

- Emerging countries: their economic and political role
- Non-emerging countries: the African crisis

- The response

- Policies: trade, finance, development
- New global governance: multilateral institutions

The transatlantic agenda

- Key issues

- Bilateral relationship
- The bilateral relationship in the new global context
- Who is the world's regulator?
- Competition or cooperation?

- The response

- Competition or cooperation?
- Holding to the past order or building a new one?

The regional agenda

- Key issues

- The EU is the undisputed regional economic power
- The EU lives in a potentially volatile region
- Paradox: least effective response.

- The response

- Rethink ENP
- Need for common policies in two areas
 - Migration
 - Energy

Conclusion

- The 3 agendas require a coherent approach
- Europe's foreign economic policy is messy
- Trends are accelerating in the 21st century
- The EU cannot remain a fragmented power
- Why? Economic and political goals