




COMMENTARY


Post-COVID-19 Global Governance: what place for the EU?

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For the past years, many economic indicators have been projecting what the world's leading political and economic powers would look like in 2020.¹ In these projections, China, Russia, India and the United States were the most anticipated world leaders regarding global governance. However, most of these projections could not take into account the consequences of the outbreak of coronavirus pandemic. The economic and political impacts of the pandemic are changing global governance.²

Many pundits in the field of global governance are referring to it as a supranational regulatory framework that lays down rules of organisation on a global scale.³ Thus, global governance is based on intergovernmental cooperation and/or action by multilateral institutions such as the European Union or the United Nations. It aims at negotiating international responses to problems that affect more than one state or region.⁴ Nowadays, the COVID-19 pandemic is a phenomenon as such that strongly encourages intergovernmental cooperation and the emergence of international leadership.⁵

The European Union is attached to a multilateral global governance order. Indeed, as Joseph Borrell recently explained (EU High Representative - European Commission Vice-President), « the EU is committed to preserving and strengthening the rules-based multilateral international order, with the United Nations at its core ».⁶ Scholars in political science define multilateralism as diplomatic interaction between three or more states (or other actors such as the UN or the EU)⁷ in international politics.⁸

The EU's current role in global governance is linked to its relations with partner countries, as well as with institutions of global governance.⁹ On the one hand, the EU is deeply involved in world trade and is an essential provider of foreign direct investments.¹⁰ As the world's biggest donor of development aid,¹¹ the EU is committed to tackling the most pressing global issues, including climate change, poverty, or a pandemic. On the other hand, the EU has a seat in many international institutions (WTO, IMF, etc)¹² and is present at important multilateral meetings such as G7 and G20. These facts showcase the key role the EU plays in global governance.

¹ https://www.giga-hamburg.de/sites/default/files/publications/imvfpolicypaper2_robertkappel.pdf

² <https://www.csis.org/analysis/global-economic-impacts-covid-19>

³ <https://globalchallenges.org/global-governance/>

⁴ <https://www.brookings.edu/on-the-record/global-governance-and-what-it-means/>

⁵ <https://www.brookings.edu/opinions/what-covid-19-means-for-international-cooperation/>

⁶ https://eeas.europa.eu/topics/multilateral-relations/80113/eu-and-un-partners-purpose_en

⁷ https://eeas.europa.eu/headquarters/headquarters-homepage_en/9875/How%20does%20the%20EU%20work%20at%20the%20United%20Nation%20S

⁸ Keohane and Buchanan, 2006 -

<https://sta.uwi.edu/iir/normangirvanlibrary/sites/default/files/normangirvanlibrary/documents/The%20Legitimacy%20of%20Global%20Governance%20Institutions.pdf>

⁹ https://eeas.europa.eu/headquarters/headquarters-homepage_en/3637/The%20EU's%20international%20roles

¹⁰ <https://ec.europa.eu/trade/policy/accessing-markets/investment/>

¹¹ https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/international-economic-relations/international-development-aid_en

¹² https://ec.europa.eu/info/business-economy-euro/economic-and-fiscal-policy-coordination/international-economic-relations/international-institutions_en

Today, the threat of a global economic crisis, which has the potential to be more severe than the one of 2008-2009, is looming ahead. The World Trade Organization (WTO) has indicated that global trade is expected to fall by between 13% and 32% in 2020 due to the ongoing pandemic, which has severely "disrupted economic activities and normal life" – across the world.¹³ The role of the European Union on the international stage seems to be linked to the effectiveness of its response to overcome the political and economic challenges posed by COVID-19.

Current State of the Issue

Many EU observers have been wondering about the answer of one of the most asked questions since the outbreak of the ongoing pandemic, namely "can COVID-19 be a game-changer impacting global governance and the EU's global influence?" The global health and economic consequences of the pandemic - the global unemployment crisis¹⁴; the expected fall of global trade¹⁵ - revealed that states need a global response at the international level in health and economy.¹⁶

In the light of those consequences of the ongoing pandemic, one of European Union's main challenges with regard to global governance is to coordinate its economic recovery strategies - so as not to let a social and political crisis succeed the health crisis.¹⁷ To this end, in March 2020, the Eurogroup launched the European Stability Mechanism to deal with the economic consequences of the pandemic.¹⁸

Moreover, the European Commission recently worked in this direction by putting forward its proposal for a major recovery plan which includes a significant financial increase (16.5 billion) of EU's 2021-2027 budget.¹⁹ This EU financial strategy will support EU member states and EU partner countries across the world in their efforts to fight COVID-19 and to recover from its economic consequences.

On another note, the COVID-19 crisis raises questions about the retreat of multilateralism in global governance, particularly in light of the withdrawal of US leadership in global affairs.²⁰ The United States is challenging the principles governing multilateralism, in particular by withdrawing from the Paris agreement against global warming²¹ and from the agreement on Iran's nuclear programme.²² US

¹³ <https://news.un.org/fr/story/2020/04/1066152>

¹⁴ <https://time.com/5819080/unemployment-coronavirus/>

¹⁵ <https://news.un.org/fr/story/2020/04/1066152>

¹⁶ <https://www.un.org/en/un-chronicle/proof-positive-covid-19-shows-necessity-multilateral-responses%E2%80%94and-global-solidarity>

¹⁷ <https://www.theatlantic.com/international/archive/2020/03/coronavirus-covid19-politics-crisis-boris-johnson-britain/607456/>

¹⁸ <https://www.consilium.europa.eu/fr/press/press-releases/2020/03/24/remarks-by-mario-centeno-following-the-eurogroup-meeting-of-24-march-2020/>

¹⁹ https://eeas.europa.eu/topics/multilateral-relations/80220/eu-budget-recovery-boosting-funds-stronger-europe-world_en

²⁰ https://www.kas.de/c/document_library/get_file?uuid=70842e8a-563c-5e7b-2388-b02432d1561e&groupId=288143

²¹ <https://foreignpolicy.com/2019/11/05/paris-climate-agreement-united-states-withdraw/>

²² <https://www.independent.ng/us-tightens-restrictions-on-irans-nuclear-programme/>

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President Donald Trump has also opened a trade war with the EU and China.²³ As for Chinese President Xi Jinping, he makes no secret of his global ambitions with regard to the New Silk Roads.²⁴

Faced with the transformations at work, Ursula Von Der Leyen (President of the European Commission) has created in May 2019 a "geopolitical commission" after the United States, China, and Russia, hardened their positions towards the European Union.²⁵ It should not be forgotten that the European Commission is not unaware of the danger posed by China in terms of global governance, described since April 2019 as an "systemic rival" and "economic competitor".²⁶

Concerning global economic indicators, China and the United States²⁷ have seen their economies shrinking in recent years, and the ongoing pandemic has continued to push them down.²⁸ As a matter of fact, China's economy grows at the slowest pace since 1990s²⁹ and fell by 6.8% over the first three months of 2020 due to its crisis management.³⁰

The unprecedented health and economic challenges faced by the United States³¹, China³², India³³, and Russia³⁴, seem to be an opportunity for the European Union to provide a global response to the COVID-19 crisis and its consequences, thus having the potential to position itself as a global leader in crisis management matter.³⁵

To tackle the economic repercussions caused by the spread of the disease, the EU has put forward a proposal called "corona bonds".³⁶ Nine EU member states including France, Italy and Spain have called for mutualised debt.³⁷ Corona bonds would allow a mutualised debt taken collectively by all the EU member states. More precisely, the EU member states could offer bonds to markets, which will be purchased by public and/or private investors. The aim of this initiative is to reduce their deficit.

²³ <https://www.intereconomics.eu/contents/year/2019/number/3/article/the-us-china-trade-war-and-its-implications-for-europe.html>

²⁴ <https://www.japantimes.co.jp/opinion/2018/07/13/commentary/world-commentary/xi-jinpings-vision-global-governance/#.XtmK0mozafc>

²⁵

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/646148/EPRS_BRI\(2020\)646148_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2020/646148/EPRS_BRI(2020)646148_EN.pdf) - Page 9

²⁶ <https://www.politico.eu/article/eu-slams-china-as-systemic-rival-as-trade-tension-rises/>

²⁷ <https://gouvernance.news/2019/05/05/la-chine-depassera-les-etats-unis-en-tant-que-premiere-economie-mondiale-en-2020/>

²⁸ http://www.chinadaily.com.cn/opinion/2017-08/07/content_30350545.htm

²⁹ <https://www.bbc.com/news/business-49791721>

³⁰ <https://www.theguardian.com/world/2020/apr/17/china-economy-shrinks-record-wuhan-covid-19-death-toll-rises-50-percent>

³¹ <https://www.independent.co.uk/news/world/americas/us-economy-coronavirus-vaccine-recovery-federal-reserve-a9519616.html>

³² <https://ihsmarkit.com/research-analysis/impact-of-covid19-on-the-chinese-and-global-economy.html>

³³ <https://www.rt.com/op-ed/484164-india-lockdown-covid19-challenges/>

³⁴ <https://www.statista.com/statistics/1106339/russia-covid-19-influenced-gdp-growth/>

³⁵ https://multimedia.europarl.europa.eu/fr/eu-coordinated-action-to-combat-the-covid-19-pandemic-and-its-consequences-opening-statements-by-council-and-commission_l189086-V_v

³⁶ <https://www.cnbc.com/2020/03/23/corona-bonds-what-they-are-and-why-europe-is-talking-about-them.html>

³⁷ <https://edition.cnn.com/2020/03/27/economy/corona-bonds-eu/index.html>

Thus, the success of the corona bonds project would be an important step towards a European Union that is ever more united and therefore ever stronger³⁸ in terms of credibility on the international scene.³⁹ According to the initiators of this project, creating corona bonds issued by the European Central Bank⁴⁰ would assist member states whose interest rates have sky-rocket due to the COVID-19 outbreak.

Germany and the Netherlands are leading the opposition to issue corona bonds⁴¹, notably for reasons of domestic politics.⁴² However, the two countries are not against Eurobonds which are bonds that are based on the same principle as corona bonds but without a mutualised debt.⁴³ The success of creating Eurobonds might represent a strong message of stability and international cooperation which the EU could send to the international community.

Concerning such international cooperation, the recent Recovery Fund⁴⁴ (proposed and led by Germany and France) is a significant proposal illustrating the EU solidarity on the world political stage.⁴⁵ This Recovery Fund will distribute 543 billion euros for the regions and activity sectors of the EU most affected by the pandemic. However, in order to recover from COVID-19 economic consequences, the EU might need Eurobonds.

Furthermore, in order to counter the crisis in its partner countries and to foster its reputation as an active player in global affairs, the EU might be required to continue to work with the UN to find multilateral solutions for crisis⁴⁶ - a strategy that was recently highlighted by the European External Action Service.⁴⁷ Thanks to financial aid initiatives such as Team Europe and its 23 billion euros package, the UN, the EU and the WHO share a commitment to supporting vulnerable communities and countries around the world.⁴⁸ By promoting these kinds of aid programmes in partnership with international organisations and institutions such as the UN or the WTO, the EU has the potential to establish itself as an effective crisis manager on the world stage.

Finally, the EU also has the potential to position itself in the long-term as a post-COVID-19 global leader as it is the world leader in climate ambition. If the Green Deal (zero emissions by 2050)⁴⁹ succeed, the EU's environmental policy could become a vector of EU's power in global governance.

³⁸ <https://www.politico.eu/article/angela-merkel-warns-against-protectionism-in-face-of-coronavirus-recession/>

³⁹ *Ibid*

⁴⁰ <https://www.mondaq.com/ireland/financing/940100/covid-19--what-are-corona-bonds>

⁴¹ <https://www.cnbc.com/2020/04/08/corona-bonds-reasons-why-germany-and-the-netherlands-oppose-the-idea.html>

⁴² <https://www.cnbc.com/2020/04/08/corona-bonds-reasons-why-germany-and-the-netherlands-oppose-the-idea.html>

⁴³ <https://www.euractiv.fr/section/economie/news/germany-and-netherlands-open-to-consider-coronabonds/>

⁴⁵ <https://www.marketscreener.com/news/France-Germany-propose-500-billion-euro-EU-Recovery-Fund--30628514/>

⁴⁶ <https://medium.com/center-for-effective-global-action/responding-to-covid-19-in-the-global-south-insights-from-cega-research-c1e4d5fdff9>

⁴⁷ https://eeas.europa.eu/topics/multilateral-relations/80113/eu-and-un-partners-purpose_en

⁴⁸ https://ec.europa.eu/knowledge4policy/news/coronavirus-european-union-launches-team-europe-package-support-partner-countries-more-%E2%82%AC20_sv

⁴⁹ <https://aleasoft.com/green-deal-europe-zero-emissions-2050/>

Indeed, the green deal is still one of the "greatest challenge and opportunity of our times" (Ursula Von Der Leyen, President of the European Commission).

Conclusion

The European Union is at a crucial moment in its existence.⁵⁰ How it will deal with the economic consequences of this crisis to come will shape its place in tomorrow's global governance. If the European Union fails to reach an agreement for Eurobonds between the 27 EU member states, it would appear detrimental to the 27 to fight the expected global economic crisis. Thus, the EU's credibility and role in post-COVID-19 global governance might be affected in crisis management matter.

Furthermore, as Joseph Borrell (EU High Representative - Commission Vice-President) explained, "for the first time since the creation of the United Nations, a pandemic that does not lead to - direct - consensus is a bad omen" demonstrating the need for international leadership that can make a difference in tackling the pandemic.⁵¹ The EU seems to have the potential to increase its position as an international leader thanks to its economic crisis management with its Member States and with its partner countries.

The fact that several EU members states as well as other world leaders, would prefer to see less multilateralism contradicts the lesson that should be learned from the ongoing pandemic. The COVID-19 represents us that there are really no borders, especially not under these pandemic circumstances. Thus, the Eurobonds initiative might be a good course of action to pursue, as it will strengthen a multilateral approach between member states of the EU, which could be seen on the international scene as a good practice of multilateral approach by the European towards global problems.

⁵⁰ <https://www.cnn.com/2020/05/09/eu-faces-historic-test-of-relevance-as-anniversary-takes-place-during-coronavirus.html>

⁵¹ *Ibid*

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