The Participation of the European Union in Global Economic Governance Fora

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Abstract: Despite its economic importance and successive Treaty reforms, the EU does not always succeed in asserting itself as a leading actor on the international stage. Both internal and external factors influence the EU’s participation in international economic governance institutions. They constitute a definite handicap concerning the EU’s potential role as a real normative power. At the same time, as indispensable reforms of global economic governance are in the offing, the EU seems to be giving up any claims for better representation within competent organisations and forums, such as the International Monetary Fund.

Nowadays, the EU1 is a principal actor on the global economic stage. It is the world’s largest exporter of goods and merchandise, as well as the world leader in trade in services. The euro, adopted by 17 Member States of the Union, has become the second currency of the world.2 Notwithstanding its primacy, however, the Union, and in particular the Economic and Monetary Union (EMU), is not able to impose itself politically on the international diplomatic stage and continues to be considered as a ‘political dwarf’.3

One of the symptoms of the Union’s inability to translate its economic weight into political influence relates to its unsatisfactory presence in supranational fora oriented towards cooperation in matters of economic regulation, whether or not these fora have legal personality. In fact, the terms of reference used here are intentionally broad to compensate for the weak institutional structure that characterises the global system of economic governance. The latter is based on a decentralised global legal framework that relies on the intervention of classical multilateral institutions—the typical United Nations (UN) institutions established under the Bretton Woods system: among others, the International Monetary Fund (IMF), the World Bank, and the World Trade Organisation (WTO)—as well as multilateral or regional organisations that exercise

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1 Taking account of the fact that the Treaty of Lisbon took effect on 1 December 2009, the term ‘Community’ has disappeared from official terminology in favour of the ‘European Union’, which is the only organ with legal personality. For the sake of coherence, we will continue to apply the term ‘Community’ where it refers to the presence of the Union at international fora prior to December 2009. (Editor’s Note: This translation retains the references to the French version of the official reports of the European courts because this is the version used by the author of the paper.)
their regulatory influence—including the Organisation for Economic Co-operation and Development (OECD)—or other informal fora whose activities are determined at political level (G7, G8, G10 and G20) or technical level (the Financial Stability Board and other fora convening under the auspices of the Bank for International Settlements).

To hold and maintain a leadership role within such frameworks requires an active presence and the development of strategies based on coherent and uniform positions. For reasons which relate partly to its structure and functioning, the Union continues to experience difficulty in achieving this goal and participating as one of the most influential actors at international level, particularly in the United States, despite being an equal economic in terms of its economic and commercial power.4

The theme of participation of the Union in economic governance fora will be essentially treated from an institutional perspective.5 The Union’s participation will be a real ‘test of the unity of Europe vis-à-vis external fora,’ which requires it to make a commitment to confirming its identity.6 It conditions its right to defend its own interests and impose its own model of society. On account of its integration experience, the Union is nonetheless a legislative power capable of developing an equitable and balanced approach to globalisation founded on multilateralism.7 The question of the Union’s participation in international fora is all the more relevant today in the light of the financial crisis, given that the G20 members meeting in Washington in November 2008 had agreed on a very ambitious agenda calling for action from all international fora involved in global economic and financial regulation. The participation of the Union and its ability to express its opinion as a single voice in external relations will condition the direction of future reforms and prevent the development of a ‘diktat’ from other existing or emergent powers.

Yet the obstacles standing in the way to confirming the Union’s identity at international economic fora are many. On account of Union’s recent and original character, the international stage is still not particularly favourable to acknowledging the rank the Union deserves. Indeed, the Union still has not succeeded in speaking with one voice, with several vocal cords, and numerous bodies and institutions expressing themselves on its behalf. It still has not succeeded in imposing itself on its own Member States, which alone are entitled to represent it at certain fora where it is absent. Certain third countries, drawn by the appeal of unilateralism, are able to take advantage of these internal divisions and impose their points of view. Paradoxically, while the Union is experiencing difficulty in finding its identity at international level, the Union—as an entity in its own right—and its Member States are often perceived as overrepresented, with the weight of Europe in terms of its office and voting power often exceeding the real role it plays for its population and global production.

The participation of the Union in global economic governance fora has met with a series of endogenous obstacles and constraints which, despite considerable progress

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5 We are not going to deal with the actual content of the proposals formulated by the Union aimed at influencing and reforming economic governance. On this point, see, in particular, M.. Telo (dir), EU and Global Governance (Routledge/Garnet series, 2009), 353.
7 See the foreign policy aims of the Union referred to in Chapter I Title V of the TEU, as well as The European Union and the United Nations: the choice of multilateralism, COM (2003), 526 final.
made with the external action of the Union since the entry into force of the Treaty of Lisbon, have not been entirely removed (I). The specific character of the Union again explains why its presence on the international stage can meet with resistance: its participation on the whole needs to be completed, as is exemplified by its presence, or rather its absence, from an organisation such as the IMF, which is at the heart of global economic governance (II).

I Internal Order Issues Affecting the Participation of the Union

It comes as no great surprise that the core problem surrounding the participation of the Union in international economic organisations (IEOs) relates to the way in which relations are structured between the Union and the Member States themselves (A). The issue of knowing which party should express its opinion is liable to give rise to conflict, which in this scenario tends to be of an interinstitutional nature (B). Both in relation to third countries and internal organisations, the shortcomings of the Treaties and the incomprehensibility of the Union legal framework, which persist despite the entry into force of the Lisbon Treaty, mirror these two constraints, and affect the Union’s participation and the means by which it is represented.

A The Imperfect Legal Construction of Participation

The Union, qua international organisation, has no competence to take decisions concerning its own competence; this power remains a feature of States. By virtue of the principle of attribution of powers, only the rules of the Treaty themselves can determine the way in which the Union can participate in international fora. Current primary law provisions fall far short of solving all the problems raised (a). Despite the welcome clarification offered by the Lisbon Treaty, the rules governing the distribution of powers remain ambiguous, which pave the way for potential conflict between the Union and its Member States (b). In such circumstances, the attitude of different actors should, however, be guided by the requirement of sincere cooperation (c).

a) The Persistent Shortcomings of the Treaties on the Question of Participation

At first sight, the Union’s ability to participate in the work of IEOs does not raise any particular legal issues. Its international legal personality is recognised and indisputable\(^8\) as is its right to enter into agreements.

However, whereas the question of negotiation and conclusion of external agreements has, on the whole, been circumscribed by Treaties, the issue of participation in international organisations has only been dealt with very marginally. This observation, formulated by Professor Flaesch-Mougin, at the time of the former Nice Treaty,\(^9\) is still valid today within the context of the Lisbon Treaty. Numerous provisions relating to the Union’s power to enter into agreements at international level are in conflict with the general and imprecise character of the rules relating to participation. In this respect, the removal of Article 116 European Economic Communities (EEC) Treaty, repealed by the Maastricht Treaty, has to be deplored as it had laid down a procedure for

\(^8\) Art 47 of the Treaty on European Union (TEU).

\(^9\) C. Flaesch-Mougin, Les relations avec les organisations internationales et la participation à celles-ci, op cit, 346.
common actions to be taken within the framework of IEOs for all matters of interest to the common market, based on a proposal from the Commission and a qualified majority decision of the Council.\(^\text{10}\)

In terms of procedures, Article 217 Treaty on the Functioning of the European Union (TFEU) structures the way in which the Union ‘may conclude with one or more third countries or international organisations agreements,’ which subsequently binds its institutions and the Member States. Mention should also be made of the particular rules foreseen within the sphere of commercial policy (207 TFEU) and those of the EMU (219 TFEU). These provisions are important precisely because they are often rules relating to the negotiation and conclusion of external agreements, which form the basis of the procedures governing participation in organisations.

Moreover, Article 218, paragraph 9 TFEU lays down the applicable procedures in establishing ‘the positions to be adopted on the Union’s behalf in a body set up by an agreement, when that body is called upon to adopt acts having legal effects.’ Given the general nature of the terms employed, this expression is liable to be applied to international organisations where the Community is recognised as a member. This provision is nonetheless of limited character because it concerns cases in which the adoption of a decision with legally binding effects is foreseen, and not the activities of discussion, cooperation or negotiation, which are much more common in the daily lives of organisations themselves. More specifically, only Article 138, paragraph 1 TFEU, which solely concerns the Member States that have adopted the Euro as their currency, foresees procedures that allow for the adoption of decisions establishing common positions on questions of specific interest to EMU.

Furthermore, Article 220 TFEU merely states that the Union shall establish all appropriate forms of cooperation with the organs of the United Nations and its specialised agencies as well as the OECD, and that it will maintain ‘such relations as are appropriate with other international organisations.’ Article 221 TFEU, which was introduced under the Treaty of Lisbon, further states that the Union will be represented by Union delegations in third countries and at international organisations.

Yet, and notwithstanding its fundamental importance, the Union’s right to become a member, or simply participate in international organisations, remains outside the remit of the Treaties.

The general and altogether imprecise nature of the rules of primary law demonstrates in themselves the importance of practice and the need for pragmatism as regards the inclusion and effective participation of the Union in international organisations. On the contrary, the grey areas that continue to blur the division of competences between the Union and the Member States are more problematic, despite the apparent clarification laid down by the Treaty of Lisbon.

b) *The Continued Uncertainty of Division of Competences between the Union and its Member States*

The nature of the Union’s competence with regard to external relations conditions the exercise of its powers in international organisations.\(^\text{11}\) We must, therefore, first establish

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\(^{10}\) The former Art 116 was, however, little used in particular due to the reticence of Member States in accepting qualified majority decisions for positions, which required unanimity within the Community legal system.

\(^{11}\) See CJEC, 12 December1972, *International fruit*, Case 21/72—24/72, Rep. 1219, in which the Court laid down the principle, whereby the exclusive competence of the Community also entitles it to become a member of an IO.
whether or not a Union competence exists, and then compare this competence with the sphere of activities of the host organisation.\textsuperscript{12}

The mere acknowledgement of competence itself is not sufficient to guarantee the Union’s participation in such organisations. In fact, the more competence is of a national or even a shared nature, the less likely are the Union’s opportunity to participate as a separate Member, or for that matter, to express its opinion as single voice within the framework of that organisation.\textsuperscript{13} We will see, however, that it can at times be rather difficult to transpose this division of competences as foreseen by the Treaties to different activities or organisations, or fora in which the Union is likely to participate. Moreover, its participation in international organisations also has a somewhat bizarre effect when host organisations demand that the Union declare itself competent, as this tends to exacerbate conflicts between the institutions and the Member States, as well as contribute to the Union’s reputation of being a hermetic organisation.\textsuperscript{14}

With regard to competence, the European Court of Justice, for a long time, favoured a broad interpretation of Community competence over external relations, relying, in particular, on the theory of implied competence following the decision in the ERTA case.\textsuperscript{15} However, from the 90s onwards, the case-law of the Court has clearly revaluated the principle of attribution of competences by giving greater leverage to the principle of sovereignty of States.\textsuperscript{16}

Subsequent amendments of the Treaties have indeed encouraged this more restrictive interpretation of Union competences.\textsuperscript{17} Clarification of the rules relating to the division of competences—whether exclusive, shared, or supporting and coordinating—subsequent to the entry into force of the Treaty of Lisbon has been accompanied by numerous declarations aimed at firmly reminding the Union of the legal framework within which it acts. The reformulation of the principle of attribution of competences, and the repeated reminders of the same, have developed into a restrictive conception of Union competences, and as such, act as a safeguard to appease the sensitivities of


\textsuperscript{14} J. Auvret-Finck, Les obstacles internes à l’affirmation de la Communauté européenne et de l’Union européenne dans les organisations internationals, \textit{op cit}, 452. In fact, within the Food and Agriculture Organization of the United Nations (FAO), at Community level, it was important to determine before each meeting which of the Community or Member States would have the right to take the floor and vote, depending on the nature of the competences at issue.

\textsuperscript{15} The legal reasoning for the \textit{ERTA} Case is set forth in the 17th ground of this judgement where the Court states that, ‘in particular, each time the Community, with a view to implementing a common policy envisaged by the Treaty, adopts provisions laying down common rules, whatever form these may take, the Member States no longer have the right, acting individually or even collectively, to undertake obligations with third countries which affect those rules’. By the same token, the Court acknowledged the existence of what it has qualified as implied competences of the Community in external relations. CJEC, Case 22/70, Rep. 263, \textit{Commission v Council}, 31 March 1971.

\textsuperscript{16} See, in particular, the famous Opinion 1/94, \textit{WTO}, CJEC, 15 November 1994, Rec. 5267.

\textsuperscript{17} As we have seen through consecutive reforms of provisions on commercial policy leading to the introduction of the principle of complementariness on commercial policy in the Treaty of Nice, forming the basis for the current Art 207 TFEU, embodying the principle of the exclusive competence of the Union.
the Member States. The question still remains, however, of knowing whether these provisions, which belong to a whole series of oratorical precautions, have any real effect on the system of attribution of Union competences, and hence on the participation of the Union in IEOs.

From the perspective of the competences conferred upon the Union, it can be observed that a substantial part of the exclusive competences concern economic matters. Article 3, paragraph 1 TFEU states that the Union has this type of competence in the sphere of customs union, the establishing of the rules of competition necessary for the functioning of the internal market, monetary policy for the Member States whose currency is the euro, and for common commercial policy. The legal reasoning that emerges from the ERTA case-law amounts to a contextual embodiment of Article 3, paragraph 2 TFEU. In contrast, economic policy is, in principle, the subject of a simple complementary competence by virtue of Article 5 TFEU, and at present, it is still difficult to qualify the Union’s competence in relation to the economic policy of Member States in the euro zone.

Despite this greater specificity with regard to the rules governing the conferral of competences, it is easy to imagine that the distribution of competences will continue to be subject to divergent interpretations between the EU and the Member States. Nevertheless, the Member States should, so far as possible, envisage the participation of the Union in IEOs according to a spirit of sincere cooperation.

c) The Obligation for Sincere Cooperation

According to article 4 paragraph 3 TEU, ‘pursuant to the principle of sincere cooperation, the Union and the Member States shall, in full mutual respect, assist each other in carrying out tasks which flow from the Treaties,’ and further facilitate the achievement of the Union’s tasks refraining from ‘any measure which could jeopardise the attainment of the Union’s objectives.’ This provision is transversal in character, meaning that the obligation to cooperate sincerely applies to all policies of the Union.

In the ERTA case, the Court based its reasoning directly on this provision to impose an obligation on States to act ‘in the interest and on behalf of the Community’ in international fora. The Court found that it fell to the Community institutions to reach agreement on the appropriate methods of cooperation with a view to ensuring ‘most effectively the defence of the interests of the Community.’

Within the sphere of external relations, this obligation of sincere cooperation is also based more generally on the principle of single representation. It is, therefore, the case that when the Union cannot be a member of an international organisation, despite having competences that are at least in part exclusive, the Member States present are obliged to defend Community interests. Accordingly, the requirement of sincere cooperation imposes a general obligation on Member States to facilitate the achievement of the Union’s tasks and to refrain from any measure that could jeopardise the attainment of the aims of the Treaty. Moreover, the obligations of sincere cooperation

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18 Articles 3, para 6 TEU; 5 para 2 TUE; 7, 14 and 19 TFEU. Moreover, the redundant formula is repeated on three occasions, according to which, ‘competences not conferred upon the Union in the Treaties remain with the Member States.’ (Articles 4 para 1 and 5 para 2 TUE, and Declaration 18 annexed to the Treaties in relation to the delimitation of competences). See L. Bosse-Platiere, ‘Traité de Lisbonne et clarification des compétences’, (2008) n°520 Revue du Marché Commun et de l’Union Européenne 443–445.
19 CJEC, 12 September 1972, Case 22/70, AETR op cit point 85 et seq.
21 ibid att. 10.
cooperation and assistance are reciprocal, and they apply between the institutions themselves as well as the Union vis-à-vis the Member States.

By definition, the obligation of sincere cooperation requires the application of other rules in order to be effective, as case-law alone cannot mitigate institutional inertia. In this regard, the Court itself has acknowledged that application of this principle could occur, formally speaking, through an interinstitutional arrangement or code of conduct that would allow for the proper functioning of the decision-making processes within the Union, thereby laying down the methods for the representation of the Union. Any such formalisation of the principle of sincere cooperation is in practice rather rare, particularly within the framework of IEOs. Hence, despite numerous attempts following Opinion 1/94, the Community and its Member States have never succeeded in setting up a global code of conduct covering all the domains falling within the remit of the WTO.

The Treaty of Lisbon sets forth the basic premise of sincere cooperation. Despite appearances, however, it has only partly broken the spiral of increasing complexity, which characterises the organisation of the division of competences between the Union and its Member States, and which lead to major complications whenever the Union’s participation has to be organised. The same goes for the question of the imbroglio, which surrounds representation and which can be explained by the institutional ‘polycephalism’ of the EU.

B Representation as a Source of Confliction between the Institutions of the Union

It is important first to establish which institution has the right to express an opinion in the name of the Union and on its behalf when several among them vie for the right to do so. The Treaty of Lisbon confirms the Commission’s primacy in terms of representation at international fora where activities fall outside the remit of foreign policy and common security (a), even if spheres, such as the EMU, continue to adhere to representation rules dictated by pragmatism (b).

a) The Consecration of the Commission’s Prerogatives

According to the former Treaties, legal scholarship and practice derived the role of international representation from the Commission’s function as negotiator. This was explicitly endorsed by Article 17, paragraph 1 TEU, which foresaw that ‘with the exception of the common foreign and security policy, and other cases provided for in the Treaties, it shall ensure the Union’s external representation.’ Within the framework of IEOs, one could easily envisage that this provision would have resolved the difficulties that arose in connection with representation. Several commentators thought, however, that the difficulties arising in connection with the choice of institution that was supposed to represent the Union at international fora ran the risk of being further perpetuated.
Up to now, the most straightforward situation arose only where the Union had replaced its Member States as a full and separate member of the organisation in cases where its field of activities fell under the exclusive competence of the Union. In such circumstances, the Commission was able to assume the responsibilities of both representation and spokesperson. Yet that only happened on very few occasions.27

When, as was more often the case, the activities of the organisation were of interest to both Community and national competences, and the Union was only granted observer status, representation was based on a dualist approach. This bicephal arrangement included the presence of one representative of Member States, generally the one holding presidency of the Union, on the one hand, and the Commission, on the other.28 This was also the case within the framework of the OECD, United Nations Conference on Trade and Development (UNCTAD) and Economic and Social Council of the United Nations (ECOSOC). This dualistic formula compensated for the Union not being a member and gave it the right to take the floor or file amendments, while the head of the delegation remained the State holding the presidency of the EU. The rotating presidency retained by the Treaty of Lisbon, and very probably the dualist representation of the Union, was very welcome in this respect.29

However, this system still gives rise to confusion for third countries. With regard to representation at the UN, M. Farell claims that when a country that holds the rotating presidency takes the floor, the listening parties have to evaluate whether this country is expressing its opinion as a representative of the EU or whether it is expressing its own opinion.30 Moreover, when the Commission and the State holding presidency jointly express their opinion, depending on whether or not competence is national or that of the Union, this division of competence requires thorough internal discussion beforehand in order to determine the common position, and equally which party will defend it.

The ideal scenario would appear to be that adopted within the framework of the WTO where the Commission, the presidency and the Member States meet under a single banner—the EU and the 27 Member States—and where the Commission has always exercised the role of spokesperson and chief negotiator, even when its competences on commercial matters were shared. The same can be said about the management of commercial disputes in relation to which the Commission alone guarantees the conduct, regardless of the nature of the competence and even when the Member States are directly challenged by opposing parties.31 This ideal formula in

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27 This was also the case in the context of regional fisheries organisations (RFOs). C. Flaesch-Mougin, Les relations avec les organisations internationales et la participation à celles-ci, op cit, 404.
28 To take the case of the United Nations General assembly (UNGA), the Commission delegation has been composed until now of two vice-presidents of the Commission and the Commissioner for External Relations. The Treaty of Lisbon raised the issue of knowing whether the Commission delegation should solely be composed of a High Representative of the Union for Foreign Affairs and Security Policy (or for lower level meetings, members of the European External Action Service), or again if it should also include other Commissioners (or members of their services) competent to act in the area under discussion.
29 The High Representative, assisted by the new European External Action Service, will take the presidency of the Council at Foreign Affairs meetings. The presidency of other Council formations will continue to be assured on the basis of the current rotating presidency model (Art 16, para 9 TEU).
terms of uniform representation presupposes that the Union is considered to be a member. Such is still far from being the case generally. For instance, when commercial questions similar to those dealt with by the WTO are tackled before the OECD, both Member States and the Commission are entitled to express their opinion, while at UNCTAD, the role of spokesperson can be entrusted either to the Commission or the rotating presidency.32

\[b\] The Particular Case of Representation of EMU

In the context of the EMU, the major difficulty concerning external representation of the Union resides in the fact that the rules of the Treaty only define procedures without as such offering any solutions to questions of substance.33 The logic of single representation and the desire to conceive a Euro Area with a single voice on the international stage has to take account of the sharing of competences among the Member States as far as fiscal and budgetary matters are concerned, and the European Central Bank (ECB) as regards monetary policy.34 Such representation must also take account of the presence of the Member States within the competent organisations, even without taking into account that the by-laws of the latter often acknowledge only States as potential members. Last but not least, only 17 of the 27 Member States are currently part of the euro zone. This further compounds the difficulties because representation of the euro zone in external monetary relations should not concern those States that, to date, have not adopted the euro.

External representation of the EMU is subject to specific provisions of primary law. Article 138 paragraph 2 TFEU, which specifically concerns Member States whose currency is the euro, states that ‘the Council, on a proposal from the Commission, may adopt appropriate measures to ensure unified representation within international financial institutions and conferences.’35 Alongside this provision, the TFEU has also recognised the ECB’s right, and subject to its agreement, that of central national banks participating in the euro zone, to take part in international monetary institutions falling with the competence of the European System of Central Banks (ESCB). Moreover, the president of the ECB (or person authorised to act on his behalf) represents the bank in external relations.36

Disagreement soon arose over the subject of the respective roles of the ECB and the other European institutions concerning representation of the euro zone.37 The international status of the ECB had already been the subject of academic controversy, in particular on the question as to whether this institution was eligible to act as sole representative of the euro zone alone at international level.

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32 S. Gstöhl, Patchwork Power Europe: The EU’s Representation in International Institutions, op cit, 390.
34 Other institutions whose legal personality is recognised by the Treaties can still be required to play their own representative roles. The European Investment Bank (EIB) is also a Member of the European Bank for Reconstruction and Development (EBRD).
35 The Council takes qualified majority decision after consultation with the ECB.
36 Articles 6 and 13 para 2 of the protocol on the statutes of the ESCB and the ECB.
37 We agree with Professor Louis that the notion of ‘Euro space’ encompasses the Euro system (monetary) and the economic branch of the EMU, in a more appropriate way, than the expression more commonly used than the restrictive notion of ‘Eurozone.’ V.J.-V. Louis, L’espace Euro, l’Union européenne et le FMI, op cit, 137, n 4.
C. Ziliozi and M. Selmayr confirmed this view, arguing that the ECB had to be in charge of external competence in the sphere of monetary policy. These authors based their reasoning on three main arguments. First, the Member States of the Euro Area have, in their view, definitively transferred their competence on the subject of monetary policy. Second, the ECB alone was granted the legal personality, contrary to the ‘11 Euro States’ at that time, which became the Euro Group. Finally, the authors sustained that, given its independence in the sphere of monetary policy coupled to the application of the theory of implied competence, the ECB was obliged to conduct international monetary policy on account of its close links with internal monetary policy.

Nonetheless, C.W. Hermann demonstrated that such arguments do not stand up to closer analysis. We concur with his view that the representation of EMU, including in monetary matters, should also be accorded to EU political institutions, despite the prerogatives granted to the ECB at international level. First, from an economic perspective, it would be going too far to sustain that the powers granted to the ECB regarding the definition and establishment of monetary policy are the only powers that affect the international exchange rates of the euro. Moreover, the opinion of C. Ziliozi and M. Selmayr is not supported by the Treaty provisions, confirming the Council’s role in establishing the methods of participation and representation of the EMU at international fora (Article 138) and those relating to exchange rate policy vis-à-vis third countries, if necessary in the framework of international agreements or informal arrangements. There remains the issue of knowing what is meant by the Council: should it be understood as its formation as Economic and Financial Affairs (ECOFIN), hence as including all the Member States of the Union or as only the Euro Group? We consider that the Euro Group, despite its lack of legal personality and its informal character, remains, in principle, the most legitimate institution to represent EMU. This view would appear to be echoed by the Treaty of Lisbon, which, contrary to previous treaties, foresees a procedure aimed to assure such representation in a Treaty chapter specifically created for the Member States having adopted the Euro. We recognise, however, that despite the stable presidency of the Euro Group, a rotating mechanism for representation among the Member States of this forum would appear inevitable, particularly in the context of technical meetings where only high-ranking civil servants are present.

38 ibid.
40 ibid 4. C.H. Hermann pointed out that the instruments available to the ECB—fixing interest rates, issuing currency, etc.—are not the only variables capable of influencing exchange rates. In an open market economy, the exchange rate also depends on the behaviour of political actors, and, in particular, their economic and fiscal policy.
41 Art 219 TFEU. For a detailed analysis of this provision, see, in particular, M. Lopez Escudero, La politique de taux de change de l’euro vis-à-vis des pays tiers, Mélanges en hommage à J. V. Louis, Vol. II (ULB, Brussels, 2003) at 281–300.
42 The ECOFIN Council is the Council forum competent to deal with economic and financial questions. As such, it is composed of a group of representatives of the Member States, including those that have not adopted the Euro. The Euro Group, which has had a stable presidency of two and a half years since 2004, was the subject of a protocol in the Treaty of Lisbon. Its sibylline content is restricted to acknowledging the existence of this organ, which has no legal personality. The Euro Group meeting takes place to discuss questions linked to the specific shared responsibilities in relation to the single currency. They bring together the finance ministers of the Member States that have adopted the Euro. The Commission and ECB also take part.
On a practical level, in November 1998, the Commission had filed a proposal advocating a tripartite formula when economic and monetary questions were to be debated at international level, as in the IMF, G7, G8, G10 or OECD. This formula would involve the Council, the Commission and the ECB; the Council would preside over the EU delegation. The formula would have the advantage of taking account of the institutional balance and of the respective competences of the institutions themselves.

In the end, this text was not adopted as the Member States preferred to opt for a pragmatic formula to be applied at all fora, whether formal or informal, involving the interests of the EMU. The conclusions of the European Council in Vienna, in December 1998—which still apply—supported the tripartite representation mechanism and confirmed that at these fora, the Community had to speak as a single voice and be represented at the Council/ministerial level, as well as at the central bank level. The Commission on the contrary was confined to the role of simply being associated with the external representation of the Community ‘to the extent required to enable it to perform the role assigned to it by the Treaty.’

Within the framework both of the IMF and of the G7, the solutions propounded by the European Council in Vienna were nonetheless partly rejected by third countries. The intention that a European Commission official should be associated with the presidency of EMU, therefore, met with refusal from the IMF Executive Board. However, the ECB succeeded in obtaining observer status, which allowed it to express its opinion on a significant number of issues dealt with, as well as participate in meetings of interest to it.

The proposal for a representation formula by the Community within the group of finance ministers and G7 leaders met with similar reticence. The European Council wanted the inclusion of the ECOFIN Council President, or if the latter came from a country outside the euro zone, the president of the Euro 11 Group. Moreover, the text envisaged that where the president came from a euro zone country that was not a member of the G7, he could still participate in meetings in which several members of the ECOFIN Council from the Euro Area were already present. The European Council also wanted to propose to the other partners a representative of the Commission as a member of the Community delegation to assist the ECOFIN Council president or the Euro 11 Group. However, the G7 finance members, who had already agreed that the president of the ECB could participate in meetings of the group for discussions relating to the EMU, refused the systematic participation of the Commissioner responsible for the EMU.

In sum, the questions of representation and participation of the Union at international fora cannot be reduced to purely internal considerations. Therefore, the access reserved by third countries to the Union, a *sui generis* regional organisation, is equally important.

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46 The President of the ECB was, therefore, invited as an observer to biannual meetings of the International Monetary and Financial Committee of the IMF, as well as at the General Assemblies of the Fund (and the World Bank). See J.-V. Louis, *L’espace Euro, l’Union européenne et le FMI*, *op cit*. 
II External Factors of Relevance to Participation

Provided it is not simply absent from economic international organisations, the Union tends to be offered a status that can vary between that of a simple observer to that of a full member of the organisation (A). The example relating to the Union’s presence in the IMF illustrates the need to revise the arrangements for the participation of the Union in international economic and financial institutions (B).

A The Variable Geometry of Participation is on the Whole Unsatisfactory for the Union

The founding Treaties of IEOs do not generally foresee the participation of regional international organisations. The status of a member of an intergovernmental international organisation is, as its title suggests, reserved to the States themselves.

The by-laws of the organisations, therefore, need to be amended if the Union is to become a member of them. Such an exceptional procedure is likely to be costly in political terms, given the need to obtain a ‘constitutional’ majority, and similarly, it would need to be widely supported by third countries.47 The revision of the FAO Founding Charter, in order to allow the EU to become a member of the organisation, was a laborious process requiring important concessions from Europeans before the EU was finally granted the status of specific member, conferring upon it lesser rights than those granted to States.48

The participation of the Union will be easier to accept within the framework of newly founded international organisations, particularly because the current extent of the competences and technical expertise of the EU means that the EU will often be involved in negotiation processes. The membership afforded to the Union in the WTO, founded in 1995, can be explained by the fact that the Community was already a *de facto* member of the GATT, and that the Commission, which acted as a spokesperson and had a representative function there, had played an active role in the Uruguay Round. Such member status is optimal as the Union is in a situation akin to that of a State.49 However, its participation cumulates with that of the Member States themselves. Their presence is justified by the renowned opinion of the Court 1/94, which acknowledged the existence of shared competences between the Community and the Member States in relation to services and intellectual property. From the perspective of voting rights, it is foreseen in the Agreement establishing the WTO that ‘the Community’ has the same number of votes as it has Member States.50

In addition to recent origins, the informal character of an organisation also tends to facilitate the presence of the Union. The Community is also a member of the G20, which was established at the end of the 90s. Moreover, since 2008, its representation

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47 As is the case, for example, with the revision of the UN Charter, which foreseen in Articles 3 and 4 that only States can be members of the organisation, and requires ratification by two-thirds of the Member States, including the five permanent members of the Security Council.
49 Art XI para 1, Agreement establishing the WTO.
50 Art IX para 1 of the Agreement establishing the WTO. The question of the number of votes granted to the Union was of little import given the Organisation’s practice of adopting votes by consensus.
in the G20 has been more satisfactory than its representation of the G8 and G7 Finance Ministers meetings, despite the fact that their origins go back further.\footnote{The G20, established in 1999, represents two-thirds of the world’s trade and population, and 90\% of world production. The members of the G20 are, in principle, represented by their respective finance ministers and presidents of their Central Banks. On 15 November 2008, the G20 brought together, for the first time, the Heads of State and Government. The EU was represented by the President of the Council (assisted by the President of the Commission) and the President of the ECB. The G8 is a forum for discussion and economic partnership among its eight members (United States, Germany, France, United Kingdom, Japan, Italy, Canada and Russia). Leaders meet each year at a summit bringing together Heads of State and Government as well as the presidents of the European Commission and European Council, respectively. Ministerial meeting bring together the ministers in their respective fields of competence. The best know of these meetings is that of the G7 Finance Ministers, which refers specifically to the annual meeting of the Finance Ministers of the G8, with the exception of Russia and the presence of civil servants from the EU.}

Yet, more often than not, the Union is only granted observer or special guest status. This is the case within principal and subsidiary organisations as well as within the specialised agencies of the UN: the International Telecommunication Union, the World Intellectual Property Organisation, the United Nations Industrial Development Organisation, the International Labour Organisation, the regional economic committees of the UN and bodies deriving from the UNGA or ECOSOC (such as the United Nations Development Programme and the UNCTAD). The same can be said for the IMF and the World Bank.\footnote{This information is taken from an article by C. Flaesch-Mougin, ‘Les relations avec les organisations internationales et la participation à celles-ci’, 388–389. We confirmed it by consulting the respective website of the different organisations concerned.}

Article 13 of the OECD Convention and one of its additional protocols envisage the participation of the Commission in the work of the Organisation. The special observer status accorded to the Union is similar to that of full membership status, except that it cannot exercise any right to vote.\footnote{The Commission enjoys permanent representation at the OECD (which has become the European Union embassy at the OECD). Its ambassador is a member of the OECD Council, but without any voting rights, in principle, when decisions are adopted. As a member of the Union delegation, the ECB is authorised to participate in the work of committees and working groups. Even if the Member States have kept their right to take part in deliberations, the Commission plays a leadership role here. S. Gstöhl, Patchwork Power Europe: The EU’s Representation in International Institutions, op cit, 398.} Compared with membership, this status has the advantage of flexibility. As such a status may be provided by the founding charter of the organisation, or more simply its internal rules, often a decision of its organs is sufficient, and a Treaty amendment is not required. Moreover, this guarantees the Community a minimum degree of visibility at international level and gives it the right to express its opinion and have access to information through internal documents of the organisation. Observer status has its limits, however. Even though the Union benefits from a special observer status, it still has no voting rights and cannot propose amendments, preside over meetings or act as Rapporteur. The presence of the observer is, therefore, restricted to formal meetings, and an observer can intervene in debates only after all the States have expressed their opinion. Even when decisions are taken by consensus, an observer cannot take part in the organisation’s decision-making process. Generally speaking, in terms of its influences within the Organisation, observer status does not allow the observer to take a position of influence in relation to certain matters. The Commission itself is aware of this weakness within the IMF or World Bank and has repeatedly asked for its representation to be strengthened at these fora.\footnote{See, in particular, the Annual Statement on the Euro Area 2009, COM (2009), 527 final, 7.}
Moreover, when the Union is not able to impose its position as a member of an organisation or a forum, its representation is likely to become fragmented among its various actors, such as the presidency of the Council, the Commission, the Euro Group, the ECB or the Member States. This makes it difficult for the Union to express its opinion as a single voice, as the following table suggests.55

This conception of the presence of the Union within international economic fora has to be completed by a more thorough analysis of its presence within the context of the International Monetary Fund, which raises in especially acute fashion the issue of the difficulty of developing the external relations of EMU.

B The Problematic Issue of Representation of EMU within the IMF

Fragmentation is undoubtedly the term that best characterises the presence of the Union, in particular that of EMU, at the IMF (a). We will attempt to suggest possible reforms that would improve the presence of EMU in the IMF, which will play a major role in the current reform of global economic governance (b).

a) The Unsatisfactory State of Representation of the Union

The IMF, whose initial objective was to restore the global economy and balance of payments, gradually adapted its role to three principal activities: supervision to ensure that the necessary conditions exist for economic and financial stability, providing financial assistance and technical assistance. Its role in providing financial assistance, which generally related to prevention and resolving crises, seemed to be losing momentum, but the IMF has rediscovered its vocation subsequent to the 2008 financial crisis, as a result of which, the Fund intervened by providing short-term loans to States threatened by budgetary ‘bankruptcy’ (namely Hungary, Iceland, the Ukraine and Pakistan). In fact, the G20 Declaration in Washington in November 2008 emphasised the anchor role of this institution ‘focusing on supervision,’ and stated that the IMF and multilateral development banks ‘should have sufficient available resources to be able to withstand the crisis’.56 On the other hand, it is hard to image that such a monetary role, which characterised the activities of this organisation for the first 30 years of its existence, will today play a primary role in the Fund’s activities. This is the case even if the Member countries have to collaborate with it in order to ‘assure orderly exchange arrangements and to promote a stable system of exchange rates’, and it continues to exercise a supervisory function in relation to exchange rates (Article IV Sections 1 and 3, Articles of Agreement). The IMF has the peculiar characteristic of being based on a system of quotas, which determines both the number of votes cast by States on its Board of Governors and Executive, respectively, and the amount of aid such States may be entitled to receive. The allocation of quotas has until now been based on a complex application of mathematical formula indexing quotas to a certain number of macroeconomic variables deemed to be representative of the contribution

55 This table was inspired by S. Gstöhl’s article, Patchwork Power Europe: The EU’s Representation in International Institutions, op cit, 395–396, and information taken from the websites of the organisation concerned.

56 In April 2009, the G20 members agreed on tripling the basic credit capacity of the IMF (taking it to 750 billion dollars), doubling occasional loans to countries with weak revenues, and further to increase global liquidity to 250 billion dollars by generally allocating special drawing rights (SDR), the monetary unit of the Fund.
### Table 1. Participation and representation of the EU and its Member States in International Organisations

<table>
<thead>
<tr>
<th>Institutions</th>
<th>Status of the Union and its Member States</th>
<th>Representation of the Union</th>
</tr>
</thead>
<tbody>
<tr>
<td>WTO</td>
<td>The 27 Member States are members. The Union is a member.</td>
<td>Representation of the Union is assured by the Commission, which reports on its actions to the 207 Committee.</td>
</tr>
<tr>
<td>OECD</td>
<td>Nineteen Member States of the Union are members. The Union has observer status together with the ECB</td>
<td>The OECD Founding Charter specifically grants the European Commission the right to take part in the work of the organisation, enjoying all the privileges associated with membership status, with the exception of the right to vote. The Commissioner responsible for economic and monetary affairs takes part in the economic part of OECD ministerial meetings.</td>
</tr>
<tr>
<td>IMF</td>
<td>The 27 Member States of the EU are members.</td>
<td>The Union is represented by its Member States, which are supposed to coordinate their positions. Certain Member States have a representative on the Executive Board, while others form part of chairs composed of groups of countries. The ECB has observer status within the Executive Board, and the monetary and international financial Committee within which the ECOFIN presidency expresses its opinion on behalf of the Union.</td>
</tr>
<tr>
<td>World Bank</td>
<td>The 27 Member States of the EU are members.</td>
<td>Representation model based on that of the IMF.</td>
</tr>
<tr>
<td>G8</td>
<td>Four Member States of the Union (Germany, UK, France and Italy) are members. The EU takes part.</td>
<td>When it participates in meetings, the EU is represented by the president of the Commission and the presidency of the Council holding office.</td>
</tr>
<tr>
<td>G7 Finance</td>
<td>Four Member States of the Union (Germany, UK, France and Italy) are members. The EU takes part. The EU only participates in certain meetings.</td>
<td>The presidents of the Euro Group and the ECB participate in debate relating to supervision and exchange rates. In other meetings, only the Ministers of Finance of the Member States and the national central bankers are present. The Commission (commissioner on economic and monetary affairs) only takes part in certain meetings at ministerial level, but it is not present during preparatory meetings.</td>
</tr>
<tr>
<td>G20</td>
<td>Four Member States of the Union (Germany, UK, France and Italy) are members, as well as the Union.</td>
<td>The Union is represented by the presidency of the Council and the ECB. The Commission participates in the delegation of the Council presidency at technical meetings. The Euro Group is not presented.</td>
</tr>
<tr>
<td>CSF</td>
<td>Five Member States of the Union, Commission and European Central Bank are members.</td>
<td>Member States (through their national central banks) and the ECB.</td>
</tr>
</tbody>
</table>
capacity and vulnerability of the States concerned. The United States, with its 17% of quotas of the Fund, has sufficient voting numbers to be able to veto certain important decisions, particularly in relation to the revision of the system of quotas itself.57

The IMF has three main bodies: the Board of Governors, the Executive Board and the Managing Director of the IMF. The Board of Governors brings together the Governors of Central Banks and Ministers of Finance of the Member countries once a year. This Board exercises all powers that are not attributed to the Executive Board or Managing Director on the basis of the Articles of Agreement. In practice, it delegates powers to the Executive Board, which is responsible for day-to-day business and holds permanent meetings. The Executive Board is currently composed of 24 members, certain of whom are appointed directly, while other are elected either individually or within the context of chairs composed of groups of countries.58 The managing director sits on the Executive Board without having any voting rights there, and he directs the administrative services of the Fund.

The question of the Union’s participation in this key forum of global economic governance appeared at the time of the establishment of the EMU. However, in contrast to the position in GATT, the Union did not succeed in becoming a de facto member of that organisation. Hence, Member States had the responsibility of representing and defending the interests of the EMU. Yet even if the Member States of Europe played an important role in the Breton Woods institutions (as they currently amount to more than 33% of the quotas—23% if only the Euro Area is taken into consideration), the European point of view has difficulty in finding its place in the labyrinth of joint decision making within the framework of the IMF.

Two countries from the Euro Area—Germany and France—are represented on the Executive Board.59 The majority of European countries do not have a representative member from their country. They are, therefore, part of the group of countries represented by a sole director: Spain, for example, belongs to the Latin-American group, Ireland belongs to the Caribbean, Poland to Switzerland and the Asiatic States of the former Soviet Union. On the contrary, certain ‘small’ or ‘medium-sized’ European countries, such as Belgium or the Netherlands, have a place on the Executive Board and preside even over non-member countries of the Union, including non-Europeans. Even if these directors are not ambassadors and owe their allegiance to the IMF as members of its governing bodies,60 this system would appear to prevent the emergence of any European viewpoint.

Admittedly, the countries of the Union have made progress in the sphere of coordination. As regards the IMF, this takes place both in Brussels within the framework of the IMF steering committee, an ECOFIN sub-committee and in Washington in the context of the European Coordination Group at the IMF (EURIMF). The sub-committee meets ten times per year in order to supervise IMF activities, and includes two representatives from each Member State—coming from the Ministries of Finance and the national Central Banks—as well as representatives of the Commission and the

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58 A director elected from within his group has to receive all the votes in his group.

59 Alongside Japan, the United States and the UK.

60 In this respect, see, as is quoted by J.-V. Louis, M. Lopez Escudero, ‘Crisis y Reforma del Fondo Monetario Internacional’, (2007) vol. 59, n°2 Revista española del derecho internacional 527–562, 553.
ECB. For its part, the EURIMF meets three times per week to coordinate on a daily basis the positions of the Union Member States, and it is made up of directors and other representatives of the Member States of the institution, as well as an observer from the Commission delegation and the ECB. The presidency of the Union has the task of ensuring liaison between the two committees. When a common position is formed, it is then presented by the presidency, or the ECB on monetary issues. The presidency of the EU expresses its opinion at the biannual meeting of the IMF\textsuperscript{61} at which ECB enjoys observer status, although the president of the Euro Group is absent from it, unless a member of the Euro Area surrenders its chair to the former.

On the whole, cooperation based on both ad hoc and informal formula seems to be increasing within the framework of the IMF, and moreover, in a more structured way than at the World Bank\textsuperscript{62}. Directors have commented, however, that the EU countries made few joint declarations.\textsuperscript{63} Certain commentators feel that this form of coordination contains intrinsic shortcomings insofar as it does not always allow for points of view to be expressed that are coherent with the objective formula laid down in Article 138 TFEU. The Member States, in particular those of the euro zone, would therefore appear to have lost part of their power of intervention within the framework of the Fund, without such having been replaced by an authority with the same powers granted for the euro as those available for currency management.\textsuperscript{64}

So far, several reforms for improving Union participation and representation have been advanced.

\textbf{b) Towards a Hypothetical Strengthening of the Union}

A certain number of options have been suggested that would go some way towards improving the presence of the Union in the various fora of the IMF.\textsuperscript{65} A first option would be to unite all the European representation in a single seat. The EU would, therefore, be entitled to single representation both before the Board of Governors and the Executive Board, which would require revision of reinterpretation of the Fund’s Articles of Agreement.\textsuperscript{66} Vis-à-vis non-Union countries, ‘it might appear politically

\textsuperscript{61} This non-statutory body of the Fund has the responsibility of making proposals to the Board of Governors to reform, adapt and improve its functioning. Its composition is based on that of the Executive Board, although it only has a consultative function.

\textsuperscript{62} In relation to this latter institution, European representatives and the Commission, acting as observer, meet at least once a week to exchange information and reach joint coordinated positions prepared by the presidency. However, the EU and the Member States do not always share the same interests as donors, and moreover, the representatives of Members States at the World Bank have to answer to different ministries, which complicates liaison. V.S. Gstöhl, ‘Patchwork Power Europe: The EU’s Representation in International Institutions’, (2009) 14 German Yearbook of International Law 394, 395. For a contrary opinion, see, P. Dusquesne, French director at the IMF and World Bank, at a conference organised on March 2007 at the European Parliament, ‘Euro Zone—Converging or Drifting Apart?’, available at http://www.europarl.europa.eu/comparl/econ/hearings/20070228/interventions/dusquesne_fr.pdf.

\textsuperscript{63} See intervention by P. Dusquesne, \textit{op cit}.

\textsuperscript{64} See in this sense, J.-V. Louis, \textit{L’Union européenne et sa monnaie, op cit}, 296.

\textsuperscript{65} The various scenarios referred to are inspired by current academic writing and, in particular, the articles by J. Lebullenger, \textit{La projection externe de la zone euro, op cit}, A. Benassy-Quere and C. Bowles, \textit{La voix européenne au FMI op cit}, as well as the various contributions by J.-V. Louis dedicated to this issue.

\textsuperscript{66} Art II of the Article of Agreement of the Fund, in fact, states that this organisation is open to ‘countries.’ It does not matter when these countries have their own currency, nor whether it is shared with other members of a monetary union. Recognition of the Union as a Member, therefore, takes place by revising the Articles of Agreement of the Fund by way of an amendment, as is foreseen by Art XXVIII, or at any rate, by requesting an official opinion of the Articles of Agreement based on Art XIX.
more acceptable to the extent that the Union’s quota, having been recalculated on the basis of the consolidated balance of payments of the EU—thereby eliminating intra-zone payments—would be inevitably weaker’ than that of all of its Member States.67 This hypothesis would then have the advantage of reconciling single European representation and reducing European quotas, which would leave more space for representation from developing, emerging and vulnerable countries. Such a reform, however, does not seem to be very realistic, taking account of the outcry that it would cause among Member States of the Union. The mixed nature of competence in relation to the matters discussed by the IMF (economic and monetary) would lend substantial weight to opposition from the Member States.

The idea of cumulative participation in the IMF organs based on the World Bank model could also be a valid proposition.68 It has the advantage of being suited to the mixed competence of a Union. However, this joint presence of the Union and its Member States would still pose the problem in the IMF given the specificity of its functioning especially in relation to the determination of quotas. Recourse to a prior declaration of competence procedure, as is the case in the FAO, might in part mitigate this failing, but it would incur the risk of increasing conflict and having a particularly disruption effect within the IMF.69

There is still one alternative, however, that in our view is the most realistic. This would consist in the formation of a European chair or seat composed solely of Member States of the Union, or even the euro zone. This single European chair would preserve representation of each country at the Board of Governors, while also involving a single administrator for all the countries in the circumscription. It would have the advantage of reducing the number of governors. Moreover, the Member States would continue to be part of the Fund and would therefore have to speak as a single voice. This would oblige them to agree a united stance on matters in relation to which they at times have divergent opinions, thereby structuring the current coordination platform into genuine cooperation. A permanent representative of the Executive Board would also be appointed.70

Despite its undoubted appeal, this solution would certainly meet with reticence from non-member countries given the overwhelming weight of a European chair as such. Moreover, it would be contrary to the principle, whereby a chair cannot, in principle, represent more than 9% of voting power.71 In addition, it would also undermine the cooperative character of the Fund, which explains why creditor and debtor States tend to collaborate within the same chair.72 A single chair would only seem to be politically acceptable if it was accompanied by a significant reduction in the number of European quotas. The political cost of such a reform would, however, be very burdensome internally. Even supposing that this chair were limited only to EMU countries, currently 17, there is no way of knowing whether the countries outside the euro zone that want to become a member of it would accept being sidestepped. Finally, it is far from

67 A. Benassy-Quere and C. Bowles, La voix européenne au FMI, op cit.
68 J. Lebullenger, La projection externe de la zone euro, op cit, 471.
69 J.-V. Louis, L’Union européenne et sa monnaie, op cit, 298.
70 Probably, the ECOFIN presidency or, if this chair had to be limited to EMU member alone, a country appointed on the basis of a specific rotating mechanism.
71 IMF Articles of Agreement, Schedule E.
being part of the Union *acquis* that Member States with a representative at the permanent Executive Board would agree to give it up.\(^{73}\)

The Union, or rather EMU, would thus have a power of veto similar to that of the United States within the same institution, which would considerably strengthen its ability to influence—and by the same token—bolster its credibility on the international stage. The current crisis and necessary reform of economic governance of the IMF could, moreover, constitute an interesting window of opportunity to achieve this end. The process of reform of the quota system and representation within the Fund aimed at ensuring better consideration of emerging and vulnerable economies began back in 2006, and gained momentum following the G20 conclusions in Washington. Yet to date, on the question of EMU representation, it has remained silent.\(^{74}\)

While the Member States of the Union seem to be content with this situation, there is no way of ascertaining how they will maintain their influence in these fora in the long term. In the new system that is taking shape, the Union’s influence is declining, and its respective quotas could soon lose their significance if emerging countries and Japan confirm their intention of contributing more resources to the Fund. Establishing a European chair or even in the long term, a single chair, might be the only way of maintaining European influence within this organisation. In any case, the unsatisfactory projection of the EMU in international fora, stems, above all, from the inefficiency of the internal governance of the euro zone. The latter needs to be reformed just as much as do its mechanisms for external participation.

### III Conclusion

Despite a certain degree of progress introduced under the Treaty of Lisbon, the presence of the Union in IEOs is symptomatic of the difficulties it experiences in finding its place on the international stage and defending its values and interests.

Even though as an international currency the euro is a major asset, the absence of any clear international strategy appears to be increasingly costly for the euro zone within the context of globalisation. The example of the Union’s participation in the WTO cannot, of course, be transposed automatically to other contexts. Nonetheless, it demonstrates the benefits in terms of influence which may accrue to the Union and its Member States from a balanced and effective means of external representation. Such a mechanism does not in any case prevent Member States from narrowly circumscribing the actions of the Commission internally. Such a formal loss of sovereignty could lead to considerable advantages for EU Member States in terms of real sovereignty, especially if one takes account of their difficulties in influencing individually the reform of global governance.

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\(^{73}\) See intervention by P. Dusquesne, *op cit.*
