

# Foreign Economic Policy in the European Parliament: The Influence of Foreign Direct Investment

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## Introduction

How do MEPs form policy positions on foreign economic policy – specifically, aid and trade – in the European Parliament (EP)?

Since 2010, the EU has risen as an actor on the world stage.

Foreign aid and trade are two of the EU's most important foreign policy instruments

The EP has veto power over the EU's aid and trade policy → MEPs are important actors in EU foreign policy.

Traditionally, EP voting is explained with two dimensions:

- Left-right dimension (Kreppel and Tsebelis 1999) or party group cohesion (Hix 2002; Hix et al 2007)
- Pro-EU/ Euroskeptic dimension (Otjes and van der Veer 2016)



## My argument

MEPs take into consideration economic interdependence with major foreign powers when voting on foreign aid & trade.

Foreign powers leverage their economic ties, specifically outward FDI, to influence public debates to support the foreign nation's preferred policies. MEPs do not want to risk political backlash for their votes.

### Expectations:

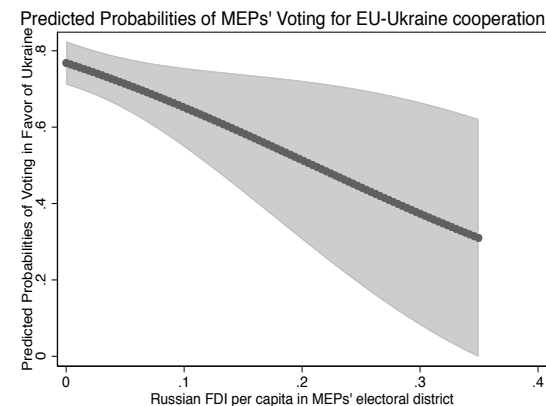
1. MEPs from countries with high FDI inflows from Russia are less likely to vote in favor of Ukraine aid and trade.
2. MEPs from electoral districts with high FDI inflows from Russia are less likely to vote in favor of Ukraine aid and trade.

## Empirical test and results

I analyze voting on five EP policies concerning financial aid and trade with Ukraine, and FDI from Russia 5 years prior to the vote.

**DV:** five votes on financial aid and trade with Ukraine during the 8th EP after the Euromaidan protests (2014-2018)

**IV:** FDI from Russia to (1) EU countries and (2) EP subnational districts.



## Conclusion

FDI from major foreign powers has bearings on MEPs' positions in foreign economic policy.