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A Tax, Trade and Investment Perspective in the EU and beyond.

By Irma Johanna Mosquera Valderrama,
Frederik Heitmüller, Julien Chaisse, & Allison
Christians (Eds.), Springer 2025

By Hideo Takeo FUMIO[†]

Abstract. This book provides a critical, interdisciplinary examination of the common governance challenges arising from the intertwined areas of international tax, trade, and investment law. The global economy's interconnected nature means that national policy choices across these three realms are a "bewildering mix" of conflicts and constraints, forcing every cross-border decision to navigate overlapping regulatory regimes. The volume explores how the confluence of interdependence and incompatibility among tax, trade, and investment institutions constantly produces conflict and renegotiation regarding international cooperation. It emphasizes that current transnational institution building reflects historical geopolitical and socioeconomic distinctions, with dominant trends often influenced by highly developed countries. Key topics include the shifting power to tax from the national to the international level, the role of the European Union in harmonizing legislation (e.g., the EU Standard of Tax Good Governance), and current reforms such as the OECD's BEPS project. Ultimately, the book aims to enhance interdisciplinary exchange and analyze how the convergence of these legal areas shapes global economic development and nation-state competition.

Keywords. Global Governance Redefinition; International Tax Law; BEPS; International Trade and Investment Law; European Union (EU) Policy; Governance; Developing Countries; Socio-Economic Regions.

JEL. F13; F21; H26; K33; P52.

Book Review

Redefining Global Governance: *A Tax, Trade and Investment Perspective in the EU and beyond*, edited by Irma Johanna Mosquera Valderrama, Frederik Heitmüller, Julien Chaisse, and Allison Christians, is a critical, multi-authored volume that dissects the intricate and often contradictory nature of international economic regulation. Published in the *Emerging Globalities and Civilizational Perspectives* series, the book serves as both a comprehensive introduction and a rigorous critique of the global governance framework underpinning cross-border tax, trade, and investment. The editors assert that the interconnectedness of the global economy has effectively erased clear boundaries between these three regulatory spheres, leaving nation-states to confront a "bewildering mix of policy choices" characterized more by conflict than coordination.

The book's central thesis is that the existing global governance architecture, especially the international tax order, is a product of deeply inconsistent historical and contemporary aims and capacities rooted in decades of geopolitical and socioeconomic distinctions. This imbalance,

[†] Johns Hopkins University in Baltimore, USA. 

which privileges highly developed countries in policymaking, necessitates a fundamental redefinition and reconstitution of governance structures to achieve equitable and sustainable outcomes for all socio-economic regions.

Part I: The Intersection of Tax, Trade, and Investment (Introduction and Part I)

The introduction effectively sets the stage by highlighting the constant conflict and renegotiation required across states due to the "confluence of both interdependence and incompatibility" among regulatory institutions. The stakes are high, as these international agreements directly shape the movement of goods, services, and capital, impacting the livelihoods of individuals globally. The editors point to the rise of digital giants like Amazon and Google as prime examples of how both companies and states manipulate rules and standards in the absence of cohesive global governance.

Part I, titled "Interlinking Tax, Trade, and Investment," directly tackles the legal and policy hurdles at the junctions of these fields. Chapters explore the role of "tax carve-out clauses" in international investment agreements and the historical development of the international tax order, which evolved through patterns of geo-political and economic imbalance. The discussion on these tax carve-out clauses highlights the perpetual tension between protecting investors from regulatory changes and preserving a state's sovereignty to enact necessary national tax reforms. A critical theme is the shifting of the power to tax from the national to the international level, a phenomenon extensively discussed in the field of global tax governance.

Part II: The Central Role of Tax Governance (Part II)

Part II shifts focus to the core challenges of global tax governance, providing a holistic view of the legal and economic complexities inherent in the system. The chapters explore key issues such as tax competition, base erosion and profit shifting (BEPS), and the intricate relationship between tax havens and major economies. The OECD's 2013 BEPS Project is presented as a seminal moment, offering an example of achieving consensus in multilateral tax settings that could potentially shape and inform trade and investment governance.

A notable contribution in this part analyzes the relationship between the European Union and the Financial Action Task Force (FATF) regarding beneficial ownership transparency. The authors assess whether these entities' efforts are collaborative or competitive in the complex battle against money laundering and tax evasion, demonstrating the manipulation of legal vehicles to obscure ownership. This section underscores the book's commitment to examining the political economy aspects of tax, rather than confining the discussion solely to legal frameworks.

Part III: Regional Governance and Legal Transplants (Part III)

This section provides a crucial geographical and institutional focus, examining regional governance and the phenomenon of "legal transplants." Chapters delve into specific cases where tax or trade policies intersect within regional frameworks:

- **Trade Disputes and Tax Overrides:** An analysis of the Australia-India trade discussion focuses on a unique side agreement that appears

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to override an existing double tax convention, examining the profound implications for international trade and investment policy.

- EU Legal Transplant: A case study of the ACP Post-Cotonou Agreement explores the legal transplant of EU tax standards into external agreements. The EU plays a key role in global governance by introducing harmonizing legislation and guidance, often via the EU Standard of Tax Good Governance, into its economic, trade, and strategic partnership agreements. This highlights the EU's power to project its regulatory standards onto third states, a phenomenon that has seen similar movements in investment with agreements like CETA.

The discussion of regional arrangements and legal transplants reveals how global governance is not a single, monolithic structure but a patchwork of competing and sometimes harmonized regional efforts.

Part IV: Reforming Global Governance (Part IV)

The book concludes by outlining potential pathways for future reform, focusing on international, regional, and domestic levels. This forward-looking section confronts the challenges to policy coherence, notably the persistent popularity of tax incentives—even those supporting green transition goals—and the resulting policy fragmentation.

Key reform discussions include:

- Policy Synergies and Green Transition: Chapters address the need for instruments like the EU's Carbon Border Adjustment Mechanism (CBAM) and the Inflation Reduction Act (IRA) to balance tax incentives and carbon pricing, thus encouraging a "green transition".
- New Governance Structures: The section explores the rationale for establishing better decision-making structures, specifically by addressing the likely impact of elevating the United Nations in international tax law-making. The call for reconstituting governance to include meaningful input from the Global South—including new regional governance structures in Africa and Latin America—is a persistent demand, taking issue with the continued dominance of highly developed countries in policymaking.

Overall Assessment and Conclusion

Redefining Global Governance: A Tax, Trade and Investment Perspective in the EU and beyond is an essential, high-level reference for anyone seeking a nuanced understanding of contemporary international economic law. The editors have curated a collection that successfully demonstrates the inherent friction and policy conflicts at the intersection of tax, trade, and investment. Its major strengths are its multidisciplinary approach, its rigorous examination of the EU's global regulatory power, and its unwavering call for more inclusive and equitable governance structures. By equipping readers with a nuanced understanding of these complex relationships, the book serves as a vital tool for academics, policymakers, and practitioners committed to forging a more sustainable global future.



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