

INTERNATIONAL  
**Herald Tribune**

## In EU, free traders and protectionists set up for clash

**By William Schomberg**

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**BRUSSELS:** The way the European Union draws up its trade policy baffles many outsiders, and it is about to get more complicated when new powers are granted to the European Parliament.

The Lisbon Treaty - designed to make the workings of the 27-country bloc more efficient - is expected to come into effect next year, giving the legislature binding powers for the first time to approve or reject trade deals.

It will also hand lawmakers a decision-making role on other aspects of the EU's common policy, potentially opening a new battlefield in the Continent's fight between free traders and states and industries that seek more protection from imports. "It's going to make things much more complicated," said Fredrik Erixon, a director of the European Center for International Political Economy, a research organization based in Brussels. "Many members of the European Parliament itself are concerned about what is going to happen."

Rory Macrae, a partner at the public affairs company GPlus Europe in Brussels, forecast a greater politicization of trade issues that are now largely handled by European Commission technocrats and lawyers.

"Trade policy is going to be a lot higher-profile and more directly political as members of the European Parliament get their hands on one of the EU's main levers of power," Macrae said.

The EU is the world's largest trading bloc and accounts for about 20 percent of all global trade, meaning deals formed in the meeting rooms of Brussels have an impact around the planet.

The European trade commissioner, Peter Mandelson, briefs Parliament several times a year, but the assembly has almost no legislative powers on trade policy.

Mandelson's main focus among the EU institutions, for now, is on the Council of the European Union. That body sets his mandate for negotiating trade deals and votes on anti-dumping decisions and other politically sensitive issues, but it is secretive and prone to horse-trading.

In the United States, by comparison, trade deals negotiated by the White House are subject to an expedited yes or no vote in Congress. In June, President George W. Bush's "fast track" authority expires unless Congress renews it.

In the European Union, the institutional imbalance on trade policy will change under the Lisbon Treaty, which was worked out by European leaders last year to replace the defunct EU constitution.

So far the treaty has been ratified by 10 EU states, most recently by Austria and Denmark on Thursday. Approval by all members is needed for the treaty to come into force.

Ireland is the only country committed to holding a referendum, which is seen as riskier than parliamentary approval, and it is expected to take place in June.

Officials are reluctant to talk in detail about how the treaty would work to avoid upsetting ratification by the 27 member states. The precise details of the Parliament's new powers over trade are still subject to negotiations.

But a confidential report drawn up by legal experts at the European Parliament last month said the treaty would usher in "a complete overhaul" of the legislature's trade responsibilities.

Lawmakers hope their new powers to approve or reject EU trade agreements will mean the commission listens to them more before it embarks on negotiations. Many deputies want EU trade

deals to cover politically sensitive issues like protecting the environment, labor standards and human rights.

Developing countries fear those issues could be used for protectionist ends and have largely resisted them so far.

The commission is currently deep in negotiations for trade deals with South Korea, the Gulf states, India and countries in South East Asia and Latin America. It is also trying to develop a new set of trade and investment rules with China.

Many of those negotiations are likely to be concluded only once the new treaty is in place. Some lawmakers say Mandelson is already coming to speak to the Parliament's trade committee more often, mindful of its future role in getting deals approved.

Parliament will also have a say on how new trade rules are drawn up, like possible changes to the regulations that govern the EU's anti-dumping rules. Those rules have become politically charged as the bloc's rival camps - typically the free-trading Dutch and British against south European countries worried about China's manufacturing might - fight over how to respond to globalization.

The treaty reform raises the prospect of lawmakers fighting to protect local interests and increases the risk of delays as controversial legislation can take years to clear Parliament.

Corien Wortmann-Kool, a Dutch conservative who is deputy chairwoman of the trade committee, said more procedure was a price worth paying for getting EU trade policy into the open. "It's part of our lives that we live in a complicated institutional world," she said.

### **China and EU agree to cooperate**

China and the EU agreed Friday to seek balanced trade and foster cooperation in climate change during high-level meetings dogged by tension over Tibet protests and the Olympics, Reuters reported from Beijing.

The EU officials, led by José Manuel Barroso, the European Commission president, had intended meetings with senior Chinese officials in Beijing this week to help ease strains over China's trade deficit.

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