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The European Union, its Common Commercial Policy, and the World Trade Organization

Bart Kerremans

Introduction

The European Union’s (EU) position on world trade has recently undergone a rapid rise in levels of politicization. For a long time, the EU’s trade policy provided the playground of a limited number of technical experts, an area barely noticed by outsiders. That has drastically changed since the 1990s, with the increasing contestation of globalization as an important factor on the one hand, and with the escalating tensions on the respective roles of the European Commission and the EU member states in this area on the other. That the contestation of globalization affected the EU’s trade policy is unsurprising. It is about setting and applying the rules that will guide the import and export of goods and services between the EU and the rest of the world. However, these rules themselves have become ever more intrusive, and the concept ‘intrusive’ is used here in a normatively neutral sense. It is about the impinging of trade policy measures upon areas where fundamental choices about society, the values upheld by society, and the relationship between government and the market within society are at stake. Indeed, trade policy used to be about border measures. It was about restrictions that were applied at the border, when a good or a service crossed a border. A tariff measure is a typical example. Upon the import of a product into a country, a customs duty was levied when that product crossed the border between the outside world and that country. In this way, the price of that product could be increased in the domestic market of that country. As such, imported products could be made more expensive than similar domestically produced products. That was the purpose: to create incentives for domestic consumers to buy domestically rather than foreign produced products. The only policy instrument used for that purpose was an instrument applied at the border. Doing so became more difficult as a consequence of trade agreements negotiated and concluded among a large number of countries within the framework of the General Agreement on Tariffs and Trade (GATT), and later on its successor, the World Trade Organization (WTO). The EU member states, originally through the European Economic Community (EEC), later through the European Community (EC), were important players in this. Those trade agreements reduced the maximum level of the customs duties that countries, and thus also the EU, could levy at their borders. Countries could not protect their domestically produced products.
any more unless they resorted to so-called non-tariff barriers (NTBs). Many did so when they were confronted with an economic recession, or with serious political pressure from sectors that felt vulnerable to the competition that open, unprotected markets, would bring. These measures could take the form of technical standards, discriminatory norms, administrative procedures and so on. A technical standard could be used for protectionist purposes, for instance, when a rule is issued that requires all products sold in a country’s market to fulfil certain technical requirements but where those requirements happen to be those that are already used by the domestic producers, not the foreign ones. Even if such a rule is officially enacted for safety or product quality purposes, one may wonder whether the real purpose is not protectionism. In order to avoid this, trade policies were extended in scope. They would deal not only with tariff measures but also with non-tariff barriers. In doing so, however, trade policy started to impinge on the ability of states to set their own rules, to define their own regulations on a whole array of issues ranging from product safety and quality, to the way in which products are produced or processed. Trade policy thus started to define the limits within which non-trade policies—such as environmental or public health policies—had to be enacted without having discriminatory (and thus protectionist) effects when it comes to trade. As such, trade policy became a composite policy, as Martin Holland has observed:

… trade has become pervasive, touching almost all aspects of EU policy, both internal and external … .

(Holland 2002: 140)

As such, many societal interests are increasingly affected by trade policy choices, and mobilize accordingly, with an increased politicization of trade policies and trade policy-making as a direct consequence (Young and Peterson 2006). This has had a number of important ramifications, with which this chapter will deal. There is first the policy-making process itself. As trade has become more politicized, the way in which the EU decides on trade policy has become more sensitive as well, and with it the extent to which control is exercised over those that negotiate on behalf of the EU in the WTO and bilaterally. The next section of this chapter will deal with this.

In the same sense, the higher politicization of trade has made it more difficult for the EU to match its obligations as a WTO member with the pressures that are exerted on it internally. This is particularly visible both in cases where WTO rules collide with the EU approach to risks, and where such collisions occur with respect to the bilateral preferential trade relations that the EU has been establishing with other countries or groups of countries. The third section of this chapter will shed some light on this.

Who decides on behalf of whom? The struggle for control in the EU’s trade policy

As trade policy has become a composite policy, and politically more controversial, attention on the way in which trade policy decisions are taken in the EU has also increased. There are two related issues here. One concerns the question of EU competencies in the area of trade, a question that is particularly important as trade belongs to the exclusive competencies of the EU.

The second question concerns the practice of negotiating international trade agreements. Who controls whom in such negotiations? This question is important as in the area of trade, negotiating international trade agreements is by definition of paramount importance. There are, of course, a range of trade policy decisions that are taken unilaterally, but the most significant
ones emerge as a consequence of international trade negotiations, either bilaterally or multilaterally. In the latter case, the negotiations conducted in the WTO take an extremely prominent place.

**EU competencies in the area of trade**

That trade has become more politically sensitive is visible in different ways. One of them concerns the frequency with which the EU/EC Treaty provisions have been changed during the last 50 years. What we see is a sudden rise in that frequency since the end of the 1990s. Indeed, the provisions on the Common Commercial Policy (CCP), which sets the terms of trade that the EC/EU member states impose on third parties, as they were included in the EEC Treaty in 1957, remained unchanged until the adoption of the Amsterdam Treaty in 1997.2 In that Treaty the first changes to the trade policy provisions showed up. In the Nice Treaty, adopted in 2000, new changes were made, and again, in both the (abortive) Constitutional Treaty (2004) and the Lisbon Treaty (2007), amendments to the trade policy provisions were adopted. It is important to notice, however, that this rising frequency stemmed from two interrelated developments: the increased political sensitivity of trade and the expansion of the multilateral negotiating agenda on it, particularly in the WTO. Indeed, as international trade started to affect new areas, particularly with regard to services, foreign direct investment and intellectual property rights (such as trademarks or patents), and international trade negotiations increasingly covered these new issues, questions arose as to the extent to which these new issues were covered by the existing treaty provisions on trade in the EU. These provisions—which explicitly covered trade in goods—and European Court of Justice jurisprudence about them, indicated that trade belonged to the exclusive competencies of the EC (see Article 3.1 of the Treaty on the Functioning of the European Union—TFEU). As is stated in Article 2.1:

> When the Treaties confer on the Union exclusive competence in an area, only the Union may legislate and adopt legally binding acts, the Member States being able to do so themselves only if so empowered by the Union or for the implementation of Union acts.  

*(Treaty on the Functioning of the European Union, Article 2.1)*

On top of that and as a general rule, decisions with regard to these trade competencies were taken by the Council by qualified majority. EU ratification with regard to international agreements concluded about them would also happen on the basis of qualified majority in the Council. An involvement of national parliaments was thus not provided for. Several member states, and within those member states several non-governmental organizations (NGOs), political parties and interest groups, felt uneasy about the risk of a creeping extension of the meaning of trade as an exclusive competence in the EU. That concern was enhanced by the concern among some of them, particularly France, that whenever a trade policy decision needs to be taken through international agreements, the EU member states suffer from a substantial loss of control on what is happening. Indeed, under the exclusive competence that trade in goods is in the EU, the Commission negotiates trade agreements, after authorization by the Council, and within the negotiating directives that the Council may issue. The Council ratifies such agreements by qualified majority voting (QMV) but may also, of course, refuse to do so. During the negotiations the Commission is required to consult with a committee of member state representatives. At first sight, therefore, sufficient levels of involvement of the member states are provided for. Some member states complained, however, that as soon as real negotiations start the Commission tends to leave them out, or at least tends not to involve them sufficiently. Expanding trade in goods (as an exclusive competence) to other areas would then imply that the number of areas
where the member states would suffer from a significant loss of control would increase as well. With shared competences, this would not be the case. There, both the EU (through the Council), and each of its member states need to ratify international agreements. That mostly implies that national parliamentary approval is required as well. It is not a surprise, therefore, that, given complaints about the Commission’s past behaviour, several member states preferred to treat the new trade issues, like services, trade-related investment measures and trade-related intellectual property rights, as shared, not as exclusive competencies. Others disagreed, however, concerned as they were with the possible negative effects of this on the ability of the Commission—and thus of the EU as a whole—to negotiate forcefully and effectively, particularly in the WTO (cf. Billiet 2006). As a consequence, the different treaties that succeeded each other within a relatively short time span reflected the shifting debate on this issue, with an overall tendency in favour of an arrangement with a more forceful and effective EU negotiator. In other words, gradually, reluctantly, but steadily the EU’s legal provisions moved in the direction of expanded exclusive competences on trade. Ultimately, the concern to matter internationally—specifically in a WTO where other new, emerging players are becoming ever more powerful—prevailed over the concern to matter individually. Article 207 TFEU reflects this. Trade in services and intellectual property rights are covered by the exclusive competence trade provisions, as is investment. At the same time, though, a number of exceptions to the QMV rule are provided for, and these apply to the most sensitive aspects of these areas. Prominent among these are cultural and linguistic diversity (when it comes to trade in cultural and audiovisual services), social, education and health services, where agreements on these ‘risk seriously disturbing the national organisation of such services’ and ‘prejudicing the responsibility of Member States to deliver them’. In addition, when it comes to trade in services and to the commercial aspects of intellectual property rights, unanimity is required in the Council whenever agreements include ‘provisions for which unanimity is required for the adoption of internal rules’. Moreover, paragraph 6 of Article 207 TFEU restricts the general ability of the EU’s CCP to impinge on the delimitation of competences between the EU and its member states. As is provided:

The exercise of competences conferred by … article [207] in the field of the common commercial policy shall not affect the delimitation of competences between the Union and the Member States, and shall not lead to harmonisation of legislative or regulatory provisions of the Member States in so far as the Treaties exclude such harmonisation.

(TFEU, Article 207, paragraph 6)

The practice of negotiating in the WTO

It is not a coincidence that debates on the EU’s competences with regard to trade are mentioned in relation to the EU and the WTO. The most controversial issues with regard to these competences have indeed shown up in the context of WTO negotiations and agreements. The former has been particularly important. Negotiating in the WTO is not simple for the EU and specifically for its negotiator, the European Commission. Even if the EU is an important player—this given its market power—the WTO’s negotiating agenda is certainly not only determined by it. Other players weigh on this agenda as well and, as a consequence, the EU is confronted with negotiations that it would prefer to avoid, or at least for which it expects a high level of contestation internally. The EU is an offensive player as well. It has a significant interest in multilateral trade liberalization (like in the area of services) on the one hand, and trade regulation (such as in the area of intellectual property rights) on the other hand. The EU negotiator thus faces a difficult
situation: it wants to negotiate multilateral trade agreements where the EU would get access to additional promising markets, but needs to make concessions in areas where concessions are highly contested internally. Agriculture is the most prominent among these, but in the past other sectors such as textiles and clothing, footwear, or the free movement of service professionals (so-called modus 4 services) were also among them. The history of EU negotiations in the WTO is, therefore, largely a history of an EU negotiator who tries to manage the tension between the negotiations conducted externally (that is, in the WTO), with those conducted internally (that is, in the EU Council of Ministers or its auxiliary bodies). That management has once in a while implied that the negotiator—and thus the Commission—needed to increase the pressure on the EU member states by negotiating agreements externally and then confronting them with some kind of an accomplished fact internally. It is this practice that boiled over during the Uruguay Round. This round of multilateral trade negotiations took place between 1986 and 1993, and resulted in the creation of the WTO. In the final years of these negotiations, the Commission as EU negotiator tried to cut a deal with the USA on agriculture, knowing that several EU member states were hesitant to accept major concessions in that area, particularly with regard to agricultural subsidies. The concessions made by the Commission in a bilateral deal negotiated with the USA in Blair House in Washington, DC, came as a surprise to many, among which were member states that contested not only the result—the so-called Blair House Agreement (November 1992)—but also the Commission’s way of handling the negotiations. Normally, as indicated above, the Commission is required to consult with member state representatives (convened in a special committee, the Trade Policy Committee), before and, as much as possible, during the negotiations. This leaves the door open to the Commission to negotiate with its external partners—in this case the USA—informally, and thus in the absence of the member state representatives (Kerremans 2004, 2006; Delreux 2009). Informal negotiations are a well-established practice in the WTO. As a matter of fact, the most important breakthroughs often take place in such informal negotiations. In the case of the Blair House Agreement, however, they went wrong. The outcome was heavily contested, as was the way in which it had been reached. It opened the door to a systematic contestation of the way in which the Commission negotiates in the WTO and, beyond that, in international trade negotiations in general. One could even talk about a Blair House Syndrome that still affects the way in which the Commission negotiates in the WTO. It is often walking a thin line, as there is the increased pressure from the member states and the increased pressure from the EU’s counterparts in the WTO. Indeed, the rise of a number of emerging economies as significant players in the WTO has made it more difficult for the EU to avoid the issues it doesn’t like on the WTO agenda. Even close co-operation with the USA is no longer a panacea to cope with this. The attempt to use this way of working on the agricultural negotiations in August 2003 showed this. As a matter of fact, it backfired. The EU-US understanding on agriculture was not only rejected in the run-up to the 2003 WTO Ministerial Conference in Cancun, but it also triggered the initiative taken by countries like the People’s Republic of China, Brazil, India and South Africa to create the G20. Since then, the G20 has become an important player in the WTO, with a significant impact on the WTO’s negotiating agenda. That in itself has further complicated the ability of the European Commission to manage the tensions between the WTO negotiations on the one hand, and those inside the EU on the other hand. As such, it has reinforced the incentives for the Commission to behave in a way that led to the Blair House Syndrome in the first place.

The Blair House Syndrome reveals an important element of the EU’s efforts to cope with the WTO: the problem of combining the market powers of its member states. With 27 member states it is far from evident that the Commission—which negotiates on behalf of these
member states—will be able to do so effectively, even if this doesn’t mean that it is impossible. As Pascal Lamy (at that time still external trade commissioner) once observed:

... the climate on external trade negotiations has changed radically. My predecessors 10 years ago would have spent probably two thirds of their time sorting out a policy line with the Member States, and one third negotiating with third countries. This proportion is out of whack, and I’m glad to say that it has now switched.

(Speech by Pascal Lamy before the American Enterprise Institute, 18 December 2000)

It could be the case that today—even in an enlarged EU—sorting out a policy line with the member states only takes one-third of the time, and that two-thirds can be dedicated to negotiations in the WTO, but still, even in such a case, internal co-ordination remains a challenge. The benefit of succeeding, however, is substantial. It enables the EU to use its full market power in the WTO, and that power is impressive as the EU belongs to the largest trading blocs in the world. This is not just due to its almost 500m. inhabitants, but also to the purchasing power of these. As a result, the overall gross domestic product (GDP) of the EU amounts to €12,506,000m., compared with €9,818,000m. for the USA and €3,329,000m. for Japan. Access to the EU market thus means access to a market with a lot of consumers with a relatively high level of purchasing power. This trading bloc trades relatively intensively with the rest of the world, too. Indeed, extra EU trade represents about 16.4% of world exports in goods, 18.4% of world imports in goods, 27.7% of world exports in commercial services, and 24.0% of world imports in commercial services (World Trade Organization 2008: 13, 15). On all these issues, except for the imports in goods, the EU ranks first. For the import in goods it ranks second (behind the USA). Some of its member states are among the top exporters in the world, most prominently Germany.

That the EU is also a relatively large importer of goods and services is partly due to its relatively low import tariffs, even if in some cases non-tariff barriers may partly substitute for these. Overall, however, tariff ceilings committed to in the WTO—the so-called MFN tariffs—amount to 6.9% on average for industrial goods (Trade Policy Review Body 2007: 41–42). In the area of industrial goods about 26% of the EU’s tariff lines represent zero tariffs, and an additional 9.4% represent tariffs of 2% or lower (the so-called nuisance tariffs). Peak tariffs (tariffs of 15% or higher) amount to 9% of the EU’s tariff lines. The highest tariffs show up in chemicals, transport equipment and footwear, the highest averages in the sector of textiles and clothing. There is also a problem of tariff escalation, at least in some sectors. This means that tariffs tend to be higher whenever the added value of a product is higher (and thus more processing of the product has taken place). This is particularly the case in sectors such as food, beverages and tobacco, in textiles and clothing, and to a lesser extent in chemicals and non-metallic minerals.

When it concerns agriculture, the EU’s trade barriers are significantly higher. The average MFN tariff amounts to 18%, with grains (average tariff of 55.2%) and dairy (average tariff of 42.4%) being particularly strongly protected. Distinct from industrial goods, in the sector of agriculture applied tariffs tend to deviate more from the tariff bound by international agreements in the WTO. In this way, high tariff ceilings allow the EU to adapt the level of its tariffs to changes in world market prices, particularly in changes in the difference between internal EU prices (which tend to be higher) and those for similar products on the world market. Despite the high level of protection on agriculture, however, the EU is among the largest agricultural importers in the world. In 2007 its share of world agricultural imports (based on extra-EU imports only) was the highest of all trading blocs (World Trade Organization 2008: 51). None the less, the level of protection in several agricultural products remains high, as does the level of
subsidization of the sector. It is here that the EU has experienced the most difficulties in translating its market power into effective negotiating power in the WTO. Indeed, agriculture acts as a fly in the ointment of the EU’s external trade policies, particularly in the WTO. This was clear during the Uruguay Round negotiations mentioned above (cf. Davis 2004), and is clear again in the Doha Development Agenda (DDA) launched in Doha in November 2001.

**Agriculture, the EU, and the WTO**

The EU’s problem with agriculture is not its ability to defend its defensive interests. As Meunier (2000, 2005) has observed, internal divisions inside the EU reinforce its ability to resist any pressure from its WTO counterparts to change its policies in this case its agricultural policies. The most resistant member states are able to take the whole EU hostage and, as such, the Commission as negotiator can go (and has to go) to the WTO negotiations with its hands tied. Whatever the pressure from its counterparts, conceding would lead to an agreement, the ratification of which would be blocked by a minority of member states in the EU Council of Ministers.

The picture changes, however, when the EU wants to get some concessions from its counterparts—in other words, when its offensive interests are at stake. Its inability to pay for its offensive interests with concessions on its defensive interests undermines the ability of the EU to make use of its market power. The DDA is a clear example of this. The Commission’s leeway to make concessions here is small, and the suspicion of some member states of a new Blair House scenario is high. At the same time the offensive interests on agriculture of some of the EU’s counterparts are so large that conceding on agriculture first has become a condition to be able to move forward in other areas later on. In the DDA one can see this in the inability of the EU to close the compromise triangle between agriculture, non-agricultural market access (NAMA), and services. Even if the EU has substantial offensive interests in the area of trade in services, its major counterparts in the WTO are not prepared to give in on these before the Commission has made stronger commitments on agricultural market access to the EU, and on the reduction of the level of domestic support for the agricultural sector in the EU. Inside the EU those with offensive interests are clearly unable to overrule those with the defensive interests on agriculture. Outside the EU those with offensive interests on agriculture and defensive interests in other areas (particularly services) are clearly afraid that if they concede on agriculture first, at the end of the negotiations no major concessions will have been made on this sector by the EU or by other WTO members with protective interests in their agricultural sectors (e.g. Japan, the Republic of Korea, Switzerland and Norway). This large impact of internal EU divisions on the WTO is an indication of the fact that being a large market power is a double-edged sword in an organization like the WTO. The EU is just too big to allow others to neglect its internal policies and their impact on the world trading system. Obviously with significant market power comes clear limitations. The systemic impact of what the EU does or refuses to do is just too large.

Does that mean that the EU has never been able to concede on agriculture in the WTO? It does not. There are examples where WTO pressure resulted in internal agricultural reform, but it always happened in combination with other factors. With the 1992 reform there was the combination of the Uruguay Round with the escalating pressure of the common agricultural policy on the EU budget. With the 1999 and 2003 reforms a combination of anticipation about the WTO negotiations and the budgetary pressures of the pending enlargements mattered significantly (Cunha and Swinbank 2009; Daugbjerg 2009). The reforms themselves enabled the Commission to make some significant concessions in the DDA, particularly with regard to the elimination of all agricultural export subsidies by 2013. However, this made it also more difficult to concede on the other agricultural topics as well, such as on domestic support, agricultural
market access, geographical indications and the multifunctionality of farming, and this happens in a context where the WTO pressure on these has increased, as much as the internal pressure. Whereas the pressure to reduce import tariffs on agricultural products has grown significantly in the WTO, combined with this the pressure to reduce all kinds of domestic support (including subsidies with no direct effect on production), the emphasis on the multifunctionality of farming, and on the importance of geographical indications has also grown inside the EU. Indeed, several member states see these as measures that are needed to provide for the survival of agriculture in Europe. In some of them the notion of ‘food sovereignty’ has become more popular as a consequence. This has been most prominently the case in Italy, Spain, Portugal and Austria.

The EU, its market power, and its paradox of strength in the WTO

The case of agriculture and the way in which it poses (and continues to pose) a problem for the EU indicates to what extent the EU is confronted with a paradox—a paradox of strength—in the WTO. That there is strength, there is no doubt. As has been indicated above, the EU belongs to the biggest players in the multilateral trading system. It is not just a big trader, its economy contains the potential to become an even bigger player, specifically when it comes to trade in services, a sector where due to trade barriers the EU has not been able yet to make use of its full export potential.

The flip side of being such a big trader is, of course, that what the EU does on trade affects not just its trading partners significantly, but affects the WTO as well. The impact is, therefore, also systemic, and it is here that the paradox appears. The EU’s strength is also a weakness. Or, at least, it exposes it to a number of constraints. If the EU systematically neglected the WTO rules in its trade policies, it would not just undermine the export opportunities of its trading partners, it would also undermine the credibility of the WTO as a rules-based organization that is characterized by enforceable rules. This does not mean that the EU always respects these rules—far from it—but it does mean that it has to take into account the systemic ramifications of not doing so. The history of almost 15 years of WTO existence shows that this has not always been easy. There are, indeed, a number of issues wherein this has been extremely visible. Some of them relate to fundamental characteristics of European society, others to fundamental choices made with regard to the EU’s trade policies overall.

In the first case, notions like risk and dealing with risk show up. In the second case, it is about trade preferences and the role they play in policies that serve other than strictly trade-related purposes.

When it concerns risk and dealing with risk, the WTO and its rules have exposed the EU to the consequences of risk assessments in which—as Isaac (2006) has observed—the EU tends to use a social rationality, instead of a scientific rationality. The US approach to risk is considered to fit more into the latter.4 The problem of social rationality is not only that tolerance with regard to risk is lower, but also that risk assessments are more readily politicized. It is not what scientists believe to be risky that matters in the first place, but what society believes. When an international enforcement mechanism, such as the dispute settlement system of the WTO, considers such assessments as going against the multilateral trading rules, avoiding a violation of these rules comes at a political cost that is often prohibitively high (cf. Holmes 2006). The growth hormone case is a typical example here, as are the EU sensitivities with regard to genetically modified organisms (GMOs). As a matter of fact, reconciling WTO rules with societal sensitivities resulted in the EU accepting the cost of retaliatory measures, while avoiding the political cost of rectifying non-compliance with WTO rules.

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When it comes to trade preferences, the biggest problem for the EU has been that from its early days, trade preferences have played a role that goes beyond trade. Specifically with regard to the relations with the less developed former colonies of the EU’s original member states, trade preferences were established as a way to maintain the historical trade relations between the EEC member states and these countries, as part of a development policy vis-à-vis these countries, or as part of a strategy in which preferential trade relations would be an important component in preferential political relations with these countries. The problem was, however, that from the 1970s on, trade preferences were non-reciprocal in nature. Whereas products from these countries could enter the EU market at preferential tariff rates, EU products did not enjoy the same treatment in the markets of these countries. From a development perspective this could be acceptable, but within the WTO such preferences were illegal. Whenever developed countries are involved, preferential trade relations need to be reciprocal in nature, either by being shaped as free trade agreements or as customs unions. In both cases, these agreements need to cover ‘substantially all the trade’ between the countries concerned and the EU. Exceptions are allowed in cases where they are explicitly granted—through a waiver on specific WTO provisions—by the other WTO members, but such a waiver is never granted for free. Something has to be offered in exchange. Clearly, for the EU, doing so became politically too difficult, while maintaining preferential relations that went against the WTO rules was in the longer run unsustainable. The banana wars, in which besides the EU and the USA, the African, Caribbean and Pacific (ACP) countries and Ecuador were involved, were indicative of this. An important consequence of this has been that at least for a while, the EU became more hesitant before concluding new preferential trade agreements with individual countries or groups of countries. That hesitancy has largely dissipated in reaction to the increasing number of preferential trade agreements that other big players have been concluding, most prominently the USA and China. Another even more important consequence has been that the EU engaged in a radical reform of its trade regime vis-à-vis its former colonies (the ACP countries). The non-reciprocal component was replaced by a reciprocal approach—this, however, with long transitional periods. The political controversy inside the EU is extremely high, as the contestation of this approach—based on Economic Partnerships Agreements (EPAs) with groups of ACP countries—has shown.

Conclusion

The EU’s trade policy belongs to the oldest and most integrated policy areas in which the EU is active. In the context of that area, however, the WTO has become the most important point of reference as well. The EU has no choice. As a big player in the WTO, its own actions have a direct impact not only for itself or its trading partners, but also for the WTO. A paradox of strength shows up here, but this paradox becomes increasingly complex to deal with as trade has become a composite policy. As such, it increasingly affects a growing group of policy areas and issues, and, thus, the interests and preferences of those who are affected by decisions in or on these areas and issues. The resulting pressure on the EU’s trade policy-making system, and thus on the interaction between the Commission and the member states, is not minor. With it, managing the paradox of strength in the WTO becomes an ever more daunting task.

Notes

1 As Young and Peterson (2006: 796) have put succinctly: ‘… while trade policy has become more technical, the significance of those decisions for domestic rules has meant that it has become less technocratic’.
2 Reference is made to the years in which the political agreements on these treaties were finalized, not the years in which they entered into force.


4 However, as Vogel (2004) indicates, this has not always been the case. Until the 1980s, the roles were largely reversed.

5 Even if the development efficacy of this approach has been contested regularly.

6 We are talking here about contractual trade relations. The WTO does provide for preferences that are being granted unilaterally, namely through the Generalised System of Preferences (GSP). In that case, reciprocity is neither required nor expected.