

assessing the eu's role in international trade negotiations

andreas dūr

School of Politics and International Relations, University College Dublin, Belfield,
Dublin 4, Ireland
E-mail: andreas.duer@ucd.ie

doi:10.1057/palgrave.eps.2210097

Books reviewed:

EU Trade Strategies: Between Regionalism and Globalism

Vinod K. Aggarwal and Edward A. Fogarty (eds.) (Houndmills: Palgrave, 2004), 249pp., ISBN: 1 4039 3258 1

The EU's Common Commercial Policy: Institutions, Interests and Ideas

Manfred Elsig (Aldershot: Ashgate, 2002), 196pp., ISBN: 0 7546 3227 X

Measuring the Costs of Protection in Europe: European Commercial Policy in the 2000s

Patrick A Messerlin (Washington, DC: Institute for International Economics, 2001), 408pp., ISBN: 0 88132 273 3

Trading Voices: The European Union in International Commercial Negotiations

Sophie Meunier (Princeton: Princeton University Press, 2005), 223pp., ISBN: 0 691 12115 X

Extending European Cooperation: The European Union and the 'New' International Trade Agenda

Alasdair Young (Manchester: Manchester University Press, 2002), 206pp., ISBN: 0 7190 6272 1

Trade policy is one of the few policy fields that have been dealt with at the level of the European Union (EU) ever since the origins of this customs union.¹ As the establishment of a customs union necessarily implied agreement on a Common Commercial Policy, the Treaty of Rome (1957) set out an institutional framework to govern EU trade policy-making. Based on the provisions contained therein, the European Commission

has represented EU member states in international trade negotiations for the last four decades. Among the most important multilateral trade negotiations that have taken place during this period are the Kennedy Round (1964–1967), the Tokyo Round (1973–1979), the Uruguay Round (1986–1994), and the Doha Development Agenda (2001 onwards). In addition, the EU has engaged in a large number of bilateral and regional

negotiations with a series of countries and groups of countries mainly in Europe, Africa, and Latin America.

Not least because of the size of its market, the EU has been a key player in these negotiations. The United States (US) administration proposed the start of the Kennedy Round with the explicit objective of achieving a lowering of the European Economic Community's new common external tariff. The Tokyo Round was also dominated by the US and the EU, with both entities seeking limits on the other side's use of non-tariff barriers, which are all measures other than tariffs that restrict the trade of products. In the Uruguay Round, the key topic in the negotiations was the EU's Common Agricultural Policy, which both protected European agricultural producers and by way of export subsidies increased competition in third markets. The Doha Development Agenda, finally, grew out of an EU proposal for new trade negotiations. Although the EU initially hoped to have the negotiations concentrate on such issues as investments and competition policy, the round recently stalled over the issue of liberalisation of trade in agricultural goods, with the EU being accused of not having offered enough to allow for a successful conclusion of the round. The EU is also a dominant player in bilateral and regional trade negotiations, as neighbouring countries and former colonies of EU member states have tried to conclude preferential agreements in order to maintain access to its large market.

Not only has the EU had a major impact on trade negotiations, but the agreements resulting from these negotiations have in turn influenced the EU. In particular, the trade agreements have brought down the level of external tariffs for industrial goods. Each of the three major multilateral trade rounds that have been concluded since the 1960s reduced average tariff levels by about one third. Current tariff levels for industrial goods

'It is remarkable how little research has been undertaken on the EU's role in international trade negotiations.'

in the EU and other developed countries consequently are very low in historical comparison. The agreements also stimulated a liberalisation of trade in services and imposed constraints on the use of such policy instruments as antidumping duties and discriminatory procurement policies. In addition, the agreements reached have had a substantial impact on the development of the EU more generally by defining acceptable forms of regional integration and of economic policies.

In view of the EU's key role in international trade governance and the importance of trade agreements for the EU's development, it is remarkable how little research has been undertaken on the EU's role in international trade negotiations. Up to the mid-1990s, no more than a few legal analyses and a few overview texts existed on EU trade policy (see Hine, 1985; Murphy, 1990; Hayes, 1993). Only in the last 10 years have we witnessed an increased scholarly interest in the EU's trade policy and in particular in the EU's participation in international trade negotiations. The five recent studies that I review here in more detail consequently provide many new insights and fill major gaps in our understanding of this subject. The volume edited by Aggarwal and Fogarty provides a first assessment of EU trade policies towards a series of regions, allowing for an examination of different hypotheses across several cases. Elsig analyses the development of the institutional framework governing the EU's participation in trade negotiations. Messerlin assesses both the outcomes

of past EU trade strategies and the EU's stance in the current multilateral trade negotiations. Meunier examines the impact of the EU's institutional structure on its bargaining power in different trade negotiations. Finally, Young asks why and how member states were able to cooperate on the so-called 'new' trade issues in the absence of changes in the formal institutions governing EU trade policy-making.

While these studies have produced substantial progress in our understanding of EU trade policies, some aspects of the EU's involvement in international trade negotiations have hardly been touched upon at all. Given this state of affairs, a critical review that points out the strengths and weaknesses of the existing literature may suggest some ways ahead for future research on this subject. With this objective in mind, I examine debates on (1) the design of the institutions governing the EU's involvement in international trade negotiations, (2) the effectiveness of the EU's participation in such negotiations, and (3) the factors explaining the policy outcomes resulting from them. The concluding section will outline some implications of this literature for broader debates in the field of political science and provide some suggestions for future research.

INSTITUTIONAL DESIGN AND THE EU'S ROLE IN INTERNATIONAL TRADE NEGOTIATIONS

One area of particular concern to scholars has been the design of the institutional framework governing the EU's participation in trade negotiations (Meunier and Nicolaidis, 1999; Elsig; Young; De Bièvre and Dür, 2005; Meunier). Has the degree of delegation of policy authority to the European level varied over time? And why have member states opposed an extension of the scope of delegation at some

times but not at others? In particular, the struggles over trade authority during and immediately after the Uruguay Round (1986-94) have attracted substantial interest. The round extended the scope of trade negotiations to issues such as investments, intellectual property rights, and services. This development provoked the question of whether the EU would be represented in negotiations concerning these issues by the European Commission or by the member states. The treaty provisions that should have regulated the issue were vague and left substantial room for interpretation (Nicolaidis, 1993: 2). After achieving an *ad-hoc* solution for the duration of the Uruguay Round, the European Commission then asked the European Court of Justice for a ruling on this issue in 1994. The Court's ruling, in contrast to earlier decisions (Young: 32-35), was less than satisfactory for the Commission. It reconfirmed the Commission's exclusive competence on trade in goods, but ruled that it shared competence with member states on trade in certain services and other trade issues. In the Intergovernmental Conference leading up to the Treaty of Amsterdam (1997), the Commission then pressed, without success, for a re-drafting of the relevant treaty provisions that would have communitarised all competence on trade. Member states finally accepted an expansion of the Community's exclusive competence in the Treaty of Nice (2001), but with exceptions for certain types of services such as cultural and audiovisual and health services.

Several authors have interpreted the developments following the Uruguay Round as an indication of a re-nationalisation of EU trade policy (Meunier and Nicolaidis, 1999; Zimmermann, 2005). In this view, for some decades member states had little interest in trade policy and therefore allowed the European Commission largely to shape policy outcomes. Only the Uruguay Round, and in particular

the debate over agricultural liberalisation in these negotiations, prompted member state governments again to become cautious with regard to the Commission's role in international trade negotiations. When they observed the Commission acting against their interests on some issues, member states became eager to rein in their agent and reclaim 'national sovereignty over increasingly sensitive trade issues' (Meunier and Nicolaïdis, 1999: 497). The result was the battle over competence in the 1990s, which was largely won by the member states.

While in the 1990s this may have seemed a plausible account of the developments, the increased delegation of trade authority in the Treaty of Nice posed a renewed puzzle. What explains the difference in the outcomes of the Amsterdam Intergovernmental Conference, which was shaped by attempts to rein in the Commission, and the Nice one only three years later, when member states granted further powers to the Commission? One explanation for this puzzle draws attention to principals' increased concern with enlargement in the latter Intergovernmental Conference (Elsig). With enlargement imminent, worries about the EU's capacity to reach decisions became more important. A shift in the framing of decisions would then explain the decision to delegate more authority to the European Commission in the Nice Treaty. Nicolaïdis and Meunier (2002: 190–91), in addition to referring to the pending enlargement, explain the extension of the EU's trade policy competence in the Nice Treaty by pointing at the general extension of qualified majority voting achieved as a result of this treaty revision, the imminence of new world trade negotiations, and the rise of anti-globalisation activists.

Nevertheless, the developments of the 1990s can also be looked at from a completely different angle. Perhaps the events during and after the Uruguay

Round do not signify a re-nationalisation of EU trade policy. Rather, they may simply have been an expression of the member states' continued ability to determine the pace of the extension of the scope of the authority of the European Commission (De Bièvre and Dür, 2005). This perspective emphasises the fact that the Court's decision did not take away any competence from the Commission: it just demarcated the limits of the agent's authority. The extension of the scope of trade policy delegation in the Treaty of Nice then may simply reflect changes in the demands voiced by domestic constituencies in the EU.

A related line of inquiry has looked into the relationship between the Council of Ministers and the European Commission in trade negotiations. How closely does the Council control its agent in these negotiations? Two opposing views exist on this question, one emphasising member states' abdication and the other member states' continued dominance of the policymaking process. On the one hand, some authors highlight the Commission's relative autonomy from the member states (Coleman and Tangermann, 1999; Zimmermann, 2005). The reasons for this autonomy, according to these authors, are to be found in the Commission's information advantages (Johnson, 1998: 59), its ability to use agenda-setting powers to satisfy reluctant member states (Schöppenthau, 1999: 170), the costliness of the use of the veto in the Council of Ministers (Zimmermann, 2005), and the limited role played by the European Parliament in this policy area. As an 'entrepreneurial leader' (Young, 1991; see also Coleman and Tangermann, 1999), the Commission may even be able to shape the preferences of member states on some issues. Using its resources strategically, the argument goes, the Commission may be able to steer processes towards preferred outcomes.

On the other hand, some authors stress the many opportunities for the Council to monitor and control the Commission's actions in international trade negotiations (Aggarwal and Fogarty: 226–27). Member states generally do not control the Commission by way of a tight mandate, and instead provide it with rather imprecise directives (Paemen and Bensch, 1995: 96). Rather, they exercise control through direct oversight, the requirement that the Council ratifies all agreements reached, and the Commission's reliance on the future delegation of trade authority. Concerning monitoring, Elsig (154–55) demonstrates that member states closely monitored the actions of the Commission in the Seattle Ministerial Meeting (1999) of the World Trade Organisation (WTO), especially in the fields of biotechnology and agriculture. The Commission was immediately reined in when it went too far on the issue of biotechnology. Its ability to use strategic issue linkages to gain autonomy was limited by the fact that it had to deal with different member state ministers on the various issues. In the case of biotechnology, for example, it was national environment ministers who blocked the Commission's proposals. In the more day-to-day negotiations, the so-called Article 113 Committee (the name was changed to Article 133 Committee in the Amsterdam Treaty), a committee consisting of senior national civil servants, monitors the Commission's actions (Johnson, 1998; Niemann, 2004).

Such constant monitoring of the Commission's activities may not even be necessary as member states can also exercise control at the ratification stage. In fact, member states only have to voice concerns when pushed to do so by concentrated economic interests in order to remain in control (De Bièvre and Dür, 2005). Aware of the member states' ability for punishment, the Commission has an interest in consulting early with

domestic economic interests to avoid being reprimanded later. Finally, since the Commission depends on future delegation of trade authority, it has an incentive to keep member states satisfied all the time and to limit the impression of autonomy that its behaviour creates (Kerremans, 2004).

Taking a compromise position between the abdication and dominance stances, some authors suggest that the Commission's autonomy may vary across cases (Vahl, 1997; Meunier, 2005). While this may be part of a solution, a satisfactory conclusion of the debate is made difficult by the problem of observational equivalence that is prevalent in the principal-agent literature (Epstein and O'Halloran, 1999: 24). Does little conflict between the Council and the Commission indicate Commission autonomy or is it rather an expression of the Commission pre-empting possible criticisms by the Council? An even more fundamentally diverging position then is to question whether it is even appropriate to assign the Commission specific trade preferences (De Bièvre and Dür, 2005). Even assuming that the Commission is driven by a desire to maximise its competence, it is not clear how this desire would translate into a specific policy preference. Would the Commission be led to favour trade liberalisation, hoping that by doing so it would gain competence in new areas? Or would it rather take a protectionist stance because it fears that liberalisation could remove the common tariff as a unifying factor of the EU? With such conflicting pressures, it may actually make sense to assume that the Commission does not have a specific trade policy preference along the general dimension of more liberalisation or more protection. If this is the case, trying to observe agent-shirking would not be the most effective approach to understanding the relationship between the Commission and the Council in this policy field.

AN EFFECTIVE BARGAINER?

Related to the question of the Commission's autonomy is another of how effective the EU is in international trade negotiations. In this literature, effectiveness is mainly understood in terms of the EU's capacity to achieve international agreements in line with its interests, as defined by constituency demands. The initial response to this question was pessimistic, with the EU being seen as a relatively ineffective negotiator (Paemen and Bensch, 1995: 109–10). Especially in fields of mixed competence, such as investments and intellectual property rights, third countries were seen as being in the position to apply a strategy of 'divide and rule' according to which they would end up making deals with individual countries rather than the EU as a whole. The logical policy prescription then was for the Commission to be granted more autonomy, for example by extending qualified majority voting to all trade issues, to enable it to defend European interests more effectively.

More recent studies, however, converge on the position that in many cases the EU is actually quite effective in achieving international outcomes in line with its interests (Elsig; Young; Meunier; Zimmermann, 2005). Different explanations have been given for this finding. Young argues that 'soft institutions' help member state governments cooperate on trade, allowing them to engage effectively in international trade negotiations. For Sophie Meunier, the EU can even use its formal institutional structure to gain bargaining power. She distinguishes two basic cases of negotiations: conservative ones in which the EU is defending a position that is closer to the status quo than the one of the other party, and reformist ones in which the EU wants to achieve a change in foreign policies. Her major explanatory factor is the degree of supranational competence: are decisions

'Does little conflict between the Council and the Commission indicate Commission autonomy or is it rather an expression of the Commission pre-empting possible criticisms by the Council?'

on a specific issue taken by unanimity or by qualified majority decisions? And, how restrictive is the mandate given by the Council to the Commission? Basing herself on the two-level game literature (Putnam, 1988), Meunier then hypothesises that in conservative cases the EU will benefit from a low degree of supranational competence. The credibility of the restrictions on the negotiating agent will induce other countries to provide more far-reaching concessions. In reformist cases, the impact of domestic institutions on the EU's bargaining power is ambiguous.

Meunier examines her theoretical framework in a study of four cases of EU-US trade negotiations over the last four decades: the negotiations over agriculture in the Kennedy Round, and again in the Uruguay Round, the negotiations over public procurement rules (1990–1994), and the negotiations over transatlantic air transport (1992–2003). In the two conservative cases, namely the agricultural negotiations in the Kennedy and the Uruguay Rounds, the EU was able to gain substantial concessions from the US. In the case of the procurement negotiations, the EU was eager to change American rules and again was quite successful in doing so. Finally, in the air transport case the US used internal divisions in the EU, and the fact that this policy field had not been delegated to the EU level, to strike

deals with individual member countries. Overall, these examples convincingly show that the EU can be quite an effective negotiator, and possibly more so than the member states would be if negotiating on their own.

Less convincing is the rationale Meunier provides for the observed variation in the EU's bargaining power. In this regard, the study faces the problem that empirical research uncovers little variation of her key independent variable, namely the degree of supranational competence. Rather than witnessing a stark difference between a case of unanimity voting and restricted mandate and a case of qualified majority voting and lax mandate, we observe that in nearly all negotiations the Commission receives a rather broad mandate but later has to face consensus decisions at the ratification stage. Individual countries have maintained their veto power even on issues that actually fall under the sole competence of the EU.

To salvage her argument, Meunier maintains in the empirical part that during the agricultural negotiations in the Uruguay Round the Commission disposed of substantial supranational competence for a short time span, which it used to conclude the so-called Blair House agreement (1992). In this agreement, the European Commission made concessions to the US with regard to agricultural subsidies. In Meunier's interpretation, increased supranational competence hence led to a reduction of the EU's bargaining power. This interpretation, however, is less than convincing. Throughout the Uruguay Round, the Commission had little doubt about the need for the final agreement to be acceptable to all member states. The extension of the scope of the negotiations to include issues such as investments and intellectual property rights ensured that the final agreement would have to be ratified by the national parliaments of all member countries. In fact, the evidence provided

'Convergence on the view that the EU in many circumstances is a much more effective actor in international trade negotiations than had been thought in the past does not imply agreement on the reasons for this finding.'

by Meunier shows that the French government continuously reiterated that it would veto any agreement that had the potential of damaging France's interests. Rather, it seems that the Commission simply misjudged the principals' preferences when agreeing to the Blair House Accord. The French elections in early 1993 made things worse as they produced a conservative government that was much more insistent on the need to protect French agricultural interests than its predecessor. In such an interpretation, variation in supranational competence does not play a role.

As the cases chosen by Meunier lacked variation on the key independent variable, her explanation of variation in the EU's bargaining power falls short of capturing the whole picture. Variation in bargaining power may instead be driven by the constellation of preferences. An alternative explanation thus looks at the balance of domestic interests within the two negotiating parties to determine their relative eagerness to achieve a negotiated settlement (Dür, 2004). It expects the less eager side to negotiate from a position of strength and gain more concessions in the negotiations than the more eager side. In short, convergence on the view that in many circumstances the EU is a much more effective actor in international trade negotiations than had

been previously thought does not imply agreement on the reasons for this finding. Additional research will be necessary for more general conclusions to emerge.

EXPLAINING POLICY OUTCOMES

In Article 110 of the Rome Treaty the aims of the customs union were defined as contributing to the 'harmonious development of world trade' and the 'progressive abolition of restrictions on international trade'. How close has the EU come to this stated aim? Studies on this question can be subdivided depending on whether they are interested in explaining the degree of protectionism or whether they aim at explaining the degree of discrimination in European trade policies.

LIBERALISATION VERSUS PROTECTION

Messerlin provides the most comprehensive attempt at measuring the current extent of protectionism in Europe. He convincingly demonstrates that at least for some key sectors, such as agriculture and textiles, levels of protection remain high. The Uruguay Round agreements did not substantially change this situation since low tariffs were cut more than higher ones, some tariff cuts were offset by increases in non-tariff barriers such as technical regulations, and changes in the tariff schedule made protection more product-specific. In the field of agriculture, the EU may even have failed to live up to the commitments undertaken in the Uruguay Round. Over the course of the 1990s, consequently, Messerlin finds little change in overall levels of protection. What is more, Messerlin's in-depth analysis of the EU's negotiating position for what has come to be known as the Doha Development Agenda shows that defensive trade interests remain strong in the EU.

Although primarily an economic analysis of the extent of protection and the welfare effects of European trade policies, Messerlin's study also provides some suggestions about the determinants of these policies. Three factors are seen as particularly important. First, in the absence of other instruments of foreign policy, the EU often uses trade policy to achieve foreign policy aims. This leads to a situation in which a policy may be implemented because of the expected political benefits, even if it is economically inefficient. Second, the inclusion of some aspects of trade policy in intergovernmental treaties makes them sticky. They can only be changed if all member countries agree on a major deal. Finally, Messerlin argues that the treaties governing the EU are biased towards state intervention rather than market-oriented policies. Many more provisions in these treaties allow for government intervention in the economy than exhort constraints on such intervention.

Other authors, by contrast, stress that over the last half century EU trade policies have in fact undergone a process of substantial liberalisation. Average tariff levels have come down quite substantially since the early 1960s and certain limits on the use of non-tariff barriers have been agreed upon in international trade negotiations. Given the biases against liberalisation pointed out by Messerlin, this is a particularly interesting puzzle for political scientists. Hanson (1998) provides an explanation for liberalisation that runs counter to Messerlin's basic premise. He argues that the EU's institutions favour trade liberalisation since the imposition of protectionist measures requires large majorities in the Council of Ministers (although this does not apply to antidumping measures, which face a very low threshold). In his view, the removal as part of the Single Market Programme of national-level quantitative barriers to extra-European

imports, which under certain circumstances had still been allowed under Article 115 of the Rome Treaty (Schuknecht, 1992), had the unintended effect of liberalising the EU's trade relations with the rest of the world. The reason for this, according to Hanson, was that member countries could not agree on the imposition of common trade barriers at the EU level.

While this explanation may capture part of the puzzle of trade liberalisation, it creates the even bigger puzzle of why countries could agree upon active steps towards trade liberalisation. Some authors respond that the delegation of trade policy authority to the EU level, which was agreed upon in the Rome Treaty (1957), insulated policy-makers from protectionist pressures (Nicolaidis and Meunier, 2002: 175; Meunier: 8–9; Woolcock, 2005: 247; Zimmermann, 2005: 180). According to this view, which is also known as the 'collusive delegation hypothesis', politicians designed the EU's institutional framework with the aim of minimising the influence of societal interests, thereby gaining autonomy to implement trade policies according to their own preferences. With many decision-makers holding 'neo-liberal economic norms' (Niemann, 2004; see also Goldstein, 1993), this may have allowed for the trade liberalisation that we have witnessed over the last few decades. As put by Meunier (8), European policymakers 'chose to centralise trade policymaking in order to insulate the process from protectionist pressures and, as a result, promote trade liberalization.' Nevertheless, little empirical research has been undertaken so far to examine and substantiate this view, and the scarce evidence that is available is far from unambiguous. Whereas some authors find evidence that member states and the European Commission enjoy substantial autonomy from interest groups (Hocking and McGuire, 2002: 466; Young), others suggest that

economic interests largely remain in control of trade policy-making (Milner, 1988; van den Hoven, 2002; Dür, 2004; De Bièvre and Dür, 2005).

Alternatively, European countries may have bought off the losers from freer trade with domestic compensation payments in the form of extensive social security entitlements (Rieger and Leibfried, 2003). With the EU negotiating from a position of strength in international trade negotiations, as the US was more eager to achieve trade liberalisation, it may also simply have been able to minimise the costs imposed on domestic import-competing interests as a result of international trade liberalisation (Dür, 2004). Furthermore, firms' trade preferences may have changed over time, either as a result of economies of scale gained in the aftermath of the Single Market Programme (Chase, 2005: Chapter 5), or because of the increasing importance of access to specialist knowledge and expertise (McGuire, 1999). With free trade interests becoming more important, trade liberalisation may have become possible. Finally, a series of studies stress the role of international negotiations in the WTO in facilitating domestic reforms at least in the agricultural sector (Coleman and Tangermann, 1999; Swinbank and Daugbjerg, 2006). In this view, international pressures and incentives allow for liberalisation, even if this process has costs for some groups. In short, while it seems quite easy to account for the protectionist side of the EU's trade policies, so far its participation in the process of international trade liberalisation remains puzzling from a theoretical perspective.

While not explicitly referring to this debate, Young also contributes to the study of trade liberalisation when analysing how past cooperation influences the chances for future cooperation – in practice of a liberalising kind. He argues that past cooperation often increases the

likelihood of future cooperation through three different mechanisms: by serving as an unintended constraint on member state choices, by increasing the costs of non-cooperation, and by making long-term considerations more important relative to short-term interests. The expectation derived from this argument is that EU member states should have managed to cooperate on the so-called 'new' trade issues even in the absence of formal institutional provisions regulating this cooperation. Young then goes on to test his argument in three case studies of the EU's involvement in international trade negotiations: the telecommunications services negotiations following the conclusion of the Uruguay Round, the negotiations on a Multilateral Agreement on Investments (MAI), and the open skies negotiations between the US and various EU countries. The resulting chapters provide an interesting discussion of the EU's involvement and in particular the European Commission's role in these liberalising negotiations.

The case studies, however, fall short of examining the argument linking unintended constraints, increased costs of non-cooperation, and increased importance of long-term considerations to the likelihood of cooperation. For one thing, the chapters are quite descriptive. Often, only the chapter conclusions refer back to the central argument of the book. It is thus left to the reader to find out whether the evidence provided supports or contradicts the argument made. Moreover, while Young (5) criticises existing studies of EU trade policy for their 'over-reliance on economic pluralist explanations of government preference formation', he does not actually tackle this question head on in the empirical part. Instead of explicitly emphasising the aspects of government preferences that a pluralist account cannot explain, Young immediately jumps to deriving preferences from other factors such as the extent of

'While it seems quite easy to account for the protectionist side of the EU's trade policies, so far its participation in the process of international trade liberalisation remains puzzling.'

investment flows outside the EU and existing regimes for foreign direct investments in the case of the MAI. Finally, Young fails to point out important differences across his cases: in fact, in two cases (telecommunication services and MAI), the intra-EU debate is only about whether the European Commission should represent member states in the talks. With the negotiations embedded in the WTO in the case of telecommunication services and in the Organisation for Economic Cooperation and Development in the case of the MAI, and from the beginning aimed at a broad multilateral solution, a bilateral option between a member state of the EU and the US simply did not exist. Only in the case of transatlantic aviation did a real possibility exist for the member states to negotiate bilaterally with the US. No wonder, then, that only in this case (and after the book was published) did prior commitments significantly limit member state options: namely, when the European Court of Justice ruled that the bilateral agreements concluded by individual member states with the US contravened the EU's *acquis*. In short, while Young's volume makes an interesting argument and offers a lot of empirical data on specific negotiations between the EU and third countries, the empirical chapters would have benefited from a more explicit examination of both the argument advanced and rival explanations.

NON-DISCRIMINATION VERSUS PREFERENTIAL TRADING RELATIONS

Along with the question of levels of trade barriers, a second dimension of the trade policies of a country is defined by preferential versus non-preferential policies. From the beginning, the EU had a strong preferential component in its trade policies, as it maintained special trading relations with former colonies and dependent territories of the EU's member states. The early Lomé agreements, which mainly involved former French colonies, were widened to include British ones in the ACP (African, Caribbean, Pacific) agreements after the first round of enlargement. In the early 1970s, the EU signed preferential agreements with the Western European countries that had been left out of the customs union and with most Mediterranean countries. More recently, the EU concluded major free trade agreements with South Africa (1999), Mexico (2000), and Chile (2002). In view of these policies, one author has referred to the EU's 'addiction to discrimination' (Wolf, 1994: 17). Why has the EU frequently opted for this preferential path in organising its trade relations with other countries?

The edited volume by Aggarwal and Fogarty attempts a systematic assessment of the interregional preferential agreements concluded by the EU and provides some interesting answers to this question. In the introduction, the editors set out four different hypotheses: a pluralist, a bureaucratic politics, a systemic, and a constructivist one. They expect these hypotheses to be of varying importance in explaining the EU's preferences regarding the strength of an intercontinental regime, the nature of the regime (namely the scope of a regime and its development emphasis), and the treatment of the counterpart regions. Systemic considerations, such as balancing American hegemony and increasing

the EU's influence in the world, should be most important in explaining both regime strength and the treatment of the counterpart region. The nature of the regime should be best explained by a constructivist hypothesis, which stresses the use of trade policy in attempts at creating a specific European identity. The bureaucratic politics hypothesis, which emphasises competition between the European Commission and the Council of Ministers over influence within the EU's institutional framework, and the pluralist one, which looks at interest group pressures, are supposed to be of only minor importance. The factors shaping European motivations are seen to be interacting with specific characteristics of the counterpart region in determining final regime outcomes.

Empirical chapters on the EU's relationship with MERCOSUR, Asia, the Southern Mediterranean, the African, Caribbean and Pacific group of countries, Eastern Europe, and North America examine this theoretical framework. These cases largely bear out the predictions made in the introductory chapter by the two editors. The only diverging findings are that bureaucratic struggles between the Commission and the Council are even less important than originally hypothesised by the editors, and that interest group influence has more explanatory power than predicted. Not always, however, is the empirical examination completely convincing. Evidently, it is quite difficult to assess whether in a specific case the European Commission follows a bureaucratic interest of maximising competence or whether it heeds interest group pressures. Such pressures are notoriously difficult to measure, as a large part of lobbying tends to leave few traces. Equally, commercial and political objectives often tend to be conflated. Does Spain push for agreements with Latin America because of its foreign policy aims or because Spanish companies have particular

commercial interests in this region? The volume thus sets the stage for additional research on these various trade negotiations in which the EU participates.

RESEARCH ON THE EU'S ROLE IN TRADE NEGOTIATIONS: WHY CARE? WHERE TO FROM HERE?

This review has highlighted some recent advances in the study of the EU's involvement in international trade negotiations. Beyond that, the studies reviewed have implications for broader debates in political science. Illustratively, the studies contribute to debates on European integration (Elsig; Young), international cooperation (Young), and international negotiations (Meunier). Both Elsig and Young take positions in the debate on the merits of different theories of integration. Both also stress the value of institutionalist theories in understanding the development of the EU. In addition, Young addresses the literature on international cooperation in the field of international relations when confirming the prediction that iterated interaction among states enhances the chances for international cooperation. Finally, Meunier tests a major hypothesis derived from the literature on bargaining and two-level games on the case of the EU. In short, the studies are interesting for political scientists across a range of subfields.

So what is to be done next in the study of the EU's role in international trade negotiations? One of the more serious weaknesses of this literature is that the findings of single case studies still often drive major debates. Such single case studies either concentrate on specific sectors, and here in particular agriculture (Vahl, 1997; Coleman and Tangermann, 1999) and textiles (Schöppenthau, 1999), or on the more noticeable cases of trade negotiations such as the Uruguay

'Carefully crafted comparative case studies and studies with a larger-N should help resolve some of the debates fought out in this field.'

Round (Paemen and Bensch, 1995) and the current Doha Development Agenda (Kerremans, 2004). Unfortunately, generalisations of the findings of such studies prove difficult. Carefully crafted comparative case studies and studies with a larger-N should help resolve some of the debates fought out in this field. In particular, the aim should be to move away from entrenched debates between two camps towards studies that uncover the conditions under which one or another result should be expected.

A further problem with the literature is that the consensus that has developed on the issues that should be studied omits a whole series of topics that would seem to deserve more attention. Illustratively, a major gap exists with regard to systematic studies of societal actors' involvement in policy-making. The recent rise of civil society groups in trade policy lobbying, most visible in public manifestations during the WTO Ministerial Meetings in Seattle and Cancun, has received only scant attention in the scholarly literature (some exceptions exist, see for example Knodt, 2005). As a result, it is far from clear how much influence these groups have gained over EU trade policy. Some policy initiatives, such as the Everything But Arms initiative that guarantees the tariff-free importation of goods from least developed countries and the EU's defence of trade and environment issues in the Doha Development Agenda, suggest civil society influence on policy outcomes. When analysed in more detail, however, supposed cases of influence often turn out to

be the opposite (Zimmermann, 2005: 187–91; Dür and De Bièvre, 2007). In this, as well as in other areas, further systematic empirical research is needed before a clearer picture emerges. Consequently, while the studies reviewed here have made a substantial contribution to our understanding of the EU's role in international trade negotiations, a further broadening of the empirical basis on which we found this understanding is indispensable.

Note

1 I would like to thank Dirk De Bièvre and Gemma Mateo for helpful comments on an earlier version of this paper.

References

- Chase, K. (2005) *Trading Blocs: States, Firms, and Regions in the World Economy*, Ann Arbor: University of Michigan Press.
- Coleman, W. and Tangermann, S. (1999) 'The 1992 CAP reform, the Uruguay Round and the Commission: conceptualizing linked policy games', *Journal of Common Market Studies* 37(3): 385–405.
- De Bièvre, D. and Dür, A. (2005) 'Constituency interests and delegation in European and American trade policy', *Comparative Political Studies* 38(10): 1271–1296.
- Dür, A. (2004) 'Protecting exporters: Discrimination and liberalization in transatlantic trade relations, 1932–2003', European University Institute: PhD Thesis.
- Dür, A. and De Bièvre, D. (2007) 'Inclusion without influence? The involvement of NGO's in European trade policy', *Journal of Public Policy* 27(1): forthcoming.
- Epstein, D. and O'Halloran, S. (1999) *Delegating Powers: A Transaction Cost Politics Approach to Policy Making Under Separate Powers*, Cambridge: Cambridge University Press.
- Goldstein, J. (1993) *Ideas, Interests, and American Trade Policy*, Ithaca: Cornell University Press.
- Hanson, B. (1998) 'What happened to Fortress Europe? External trade policy liberalization in the European Union', *International Organization* 52(1): 55–85.
- Hayes, J. (1993) *Making Trade Policy in the European Community*, Basingstoke: St. Martin's Press.
- Hine, R. (1985) *The Political Economy of European Trade: An Introduction to the Trade Policies of the EEC*, Sussex: Wheatsheaf Books.
- Hocking, B. and McGuire, S. (2002) 'Government-business strategies in EU-US economic relations: The lessons of the Foreign sales corporations issue', *Journal of Common Market Studies* 40(3): 449–470.
- Johnson, M. (1998) *European Community Trade Policy and the Article 113 Committee*, London: Royal Institute of International Affairs.
- Kerremans, B. (2004) 'What went Wrong in Cancun? A principal-agent view on the EU's rationale towards the Doha development round', *European Foreign Affairs Review* 9(3): 363–393.
- Knodt, M. (2005) *Regieren im erweiterten europäischen Mehrebenensystem: Internationale Einbettung der EU in die WTO*, Baden-Baden: Nomos.
- McGuire, S. (1999) 'Trade tools: Holding the fort or declaring open house?', in T. Lawton (ed.) *European Industrial Policy and Competitiveness: Concepts and Instruments*, New York: St Martin's Press pp. 72–92.
- Meunier, S. and Nicolaïdis, K. (1999) 'Who speaks for Europe? The delegation of trade authority in the European Union', *Journal of Common Market Studies* 37(3): 477–501.
- Milner, H. (1988) *Resisting Protectionism: Global Industries and the Politics of International Trade*, Princeton: Princeton University Press.
- Murphy, A. (1990) *The European Community and the International Trading System*, Vol. 2. Brussels: CEPS.
- Nicolaides, P. (1993) 'Overview of EC Trade Policy I: Competence, decision-making procedure', in P. Nicolaides (ed.) *The Trade Policy of the European Community: Legal Basis, Instruments, Commercial Relations*, Maastricht: EIPA pp. 1–5.
- Nicolaïdis, K. and Meunier, S. (2002) 'Revisiting trade competence in the European Union: Amsterdam, Nice, and beyond', in M. Hosli, A. van Deemen and M. Widgrén (eds.) *Institutional Challenges in the European Union*, London: Routledge pp. 173–201.

- Niemann, A. (2004) 'Between communicative action and strategic action: The Article 113 committee and the negotiations on the WTO basic telecommunications services agreement', *Journal of European Public Policy* 11(3): 379–407.
- Paemen, H. and Bensch, A. (1995) *From the GATT to the WTO: The European Community in the Uruguay Round*, Leuven: Leuven University Press.
- Putnam, R. (1988) 'Diplomacy and domestic politics: The logic of two-level games', *International Organization* 42(3): 427–460.
- Rieger, E. and Leibfried, S. (2003) *Limits to Globalization: Welfare States and the World Economy*, Cambridge: Polity.
- Schöppenthau, P. (1999) *Die Europäische Union als Akteur der internationalen Handelspolitik: Die Textilverhandlungen der GATT-Uruguay-Runde*, Wiesbaden: Deutscher Universitäts-Verlag.
- Schuknecht, L. (1992) *Trade Protection in the European Community*, Chur: Harwood Academic Publishers.
- Swinbank, A. and Daugbjerg, C. (2006) 'The 2003 CAP reform: Accommodating WTO pressures', *Comparative European Politics* 4(1): 47–64.
- Vahl, R. (1997) *Leadership Disguise: The Role of the European Commission in EC Decision-Making on Agriculture in the Uruguay Round*, Aldershot: Ashgate.
- van den Hoven, A. (2002) 'Interest group influence on trade policy in a multilevel polity: Analysing the EU position at the Doha WTO ministerial conference', EUI Working Paper, RSC No. 2002/67.
- Wolf, M. (1994) *The Resistible Appeal of Fortress Europe*, London: Centre for Policy Studies.
- Woolcock, S. (2005) 'European Union trade policy: Domestic institutions and systemic factors', in D. Kelly and Grant W. (eds.) *The Politics of International Trade in the Twenty-First Century: Actors, Issues and Regional Dynamics*, Basingstoke: Palgrave Macmillan pp. 234–251.
- Young, O. (1991) 'Political leadership and regime formation: On the development of institutions in international society', *International Organization* 45(3): 281–308.
- Zimmermann, H. (2005) 'Wege zur Drachenzähmung: Die EU und die USA in den Verhandlungen um die Aufnahme Chinas in die WTO, 1985–2001'. Habilitationsschrift, Bochum.

About the Author

Andreas Dür is a lecturer in the School of Politics and International Relations, University College Dublin. He holds a PhD from the Department of Political and Social Sciences of the European University Institute. Before taking up his current position, he was a postdoctoral research fellow at the Mannheim Centre for European Social Research. He currently works on a monograph on transatlantic trade liberalisation since the 1930s.

Suggestions for further reading from eps reviews

Recent books on the political economy of international trade

- After hegemony: cooperation and discord in the world political economy*
(2nd edition) Robert O. Keohane (Princeton: Princeton University Press, 2005).
- Creating a transatlantic marketplace: government policies and business strategies*
Michelle P. Egan (ed.) (Manchester: Manchester University Press, 2005).
- Doha and beyond: the future of the multilateral trading system*
Mike Moore (ed.) (Cambridge: Cambridge University Press, 2004).
- The economics of the world trading system*
Kyle Bagwell and Robert W. Staiger (Cambridge, Mass: MIT, 2004).
- European-American trade and financial alliances*
G. Boyd, A.M. Rugman, and P.C. Padoan (eds.) (Cheltenham: Edward Elgar, 2005).
- Fair trade for all: how trade can promote development*
Joseph E. Stiglitz and Andrew Charlton (Oxford: Oxford University Press, 2005).
- The first ten years of the WTO: 1995–2005*
Peter Gallagher (Cambridge: Cambridge University Press, 2005).
- From disintegration to reintegration: Eastern Europe and the former Soviet Union in international trade*
Harry G. Broadman (ed.) (Washington, DC: World Bank, 2005).

- Globalisation and the labour market: trade, technology and less-skilled workers in Europe and the United States*
Robert Anderton, Paul Brenton and John Whalley (eds.) (London: Routledge, 2006).
- Jealousy of trade: international competition and the nation state in historical perspective*
Istvan Hont (Cambridge, MA: Harvard University Press, 2005).
- Multilateralism or regionalism?: trade policy options for the European Union*
Guido Glania and Jurgen Matthes (Washington D.C.: Brookings Inst Pr, 2006).
- Preferential trading arrangements in agricultural and food markets: the case of the European Union and the United States*
Jacques Gallezot and Jean-Christophe Bureau (prepared by) (Paris: OECD, 2005).
- The social construction of free trade: the European Union, NAFTA, and MERCOSUR*
Francesco Duina (Princeton: Princeton University Press, 2006).
- Trade blocs: economics and politics*
Pravin Krishna (Cambridge: Cambridge University Press, 2005).
- Trading blocs: states, firms, and regions in the world economy*
Kerry A. Chase (Ann Arbor: The University of Michigan Press, 2006).
- The WTO and the regulation of international trade: recent trade disputes between the European Union and the United States*
Nicholas Perdikis and Robert Read (eds.) (Cheltenham: Edward Elgar, 2005).