

ANALYSIS-New parliament power may complicate EU trade policy

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814 words

25 April 2008

10:42

Reuters News

English

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BRUSSELS, April 25 (**Reuters**) - 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-nation bloc more efficient -- is expected to come into effect next year, giving the legislature binding powers for the first time to approve or reject new 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 Centre for International Political Economy, a Brussels-based think-tank.

"Many members of the European Parliament itself are concerned about what is going to happen," he said.

A senior Brussels lobbyist forecast a greater politicisation 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," said Rory Macrae, a partner at public affairs company GPlus Europe.

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.

European Trade Commissioner Peter Mandelson briefs parliament several times a year but the assembly has almost no legislative powers on trade policy.

HORSE-TRADING

Mandelson's main focus among the EU institutions, for now, is on the council of European governments.

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.

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

Officials are reluctant to talk in detail about how the treaty will work to avoid upsetting ratification by the 27 member states.

Furthermore, the precise details of 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 will 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 such as protecting the environment, labour standards and human rights.

Developing nations 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 in Latin America. It is also trying to hammer out 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 their future role in getting deals approved.

Parliament will also have a say on how new trade rules are drawn up, such as 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 Nordics, Dutch and British against south European countries worried about China's manufacturing might, fight over how to respond to globalisation. 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.

"The European Parliament will have to become a responsible player in this new area, and it will," said an EU official speaking on condition of anonymity. "The EU's trade policy has laid the ground for our prosperity over the last 50 years and continuing that is in the interests of 500 million Europeans."

(Editing by Paul Taylor)

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