



How is EU Trade Policy Decided?

External trade has been an exclusively EU competence since 1958. As the Union's common customs area has been harmonised and the measures to create the common market [internal to the EU] have been completed, their impact upon third countries has become increasingly apparent. The regulation of products through health and safety standards, the way in which companies are regulated through competition policy and supports such as the Common Agricultural Policy, which subsidise specific economic sectors can all have a massive impact outside the EU.

The Council of the EU

- Approves a mandate for negotiations proposed by the Commission; by qualified majority voting in most cases except where the negotiations would affect an area that has been reserved for national governments and so is not an EU competence
- Individual Member States appoint representatives to the 133 Committee to monitor the Commission's actions during negotiations
- Approves the result of negotiations carried out by the Commission.

The European Parliament

- Has the right of assent to major international treaties which set up an institutional structure or have budgetary implications which can include trade treaties. [As was the case with the 1993 Uruguay round of Negotiations]
- Has no explicit powers over trade policy itself although the Commission does consult with MEPs
- Holds the Commission politically accountable for all its policies.

The European Commission

- Analyses and then defines the European interest in trade policy, both defensively [what tariffs the EU has] and offensively [what reductions in tariffs the EU would like to see in third countries]
- Negotiates international trade agreements multilaterally at the WTO and bilaterally with individual countries or customs areas
- Oversees the implementation of the trade agreements by third parties and raises disputes at the Dispute Settlement Mechanism or through alternative means
- After analysing the European interests with regard to trade issues proposes a mandate to the European Council
- The Commission is politically accountable to the Parliament for the overall conduct of its policies on all issues.

The 133 Committee

- Made up of government appointees and the Commission
- Closely oversees the Commission's handling of external trade negotiations
- Makes many of the decisions related to trade policy
- Meetings are held in private. Agendas are made public but minutes are not.



The Aims of Trade Policy

The aims of EU trade policy as laid out by the EU Treaty are:

“to contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers”

These are a part of the larger aim of the Common Commercial Policy as laid out in the Treaty:

“to promote throughout the Community a harmonious, balanced and sustainable development of economic activities, a high level of employment and social protection, equality between men and women, a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States”.

The Commission also has the role of ensuring consistency within the Relex group [those parts of the Commission that have an external relations dimension: such as Directorates Generales Development, External Relations, Humanitarian Aid, Enlargement, EuropeAid, and External Trade] between the commercial policy and the Union's general external relations policy on the one hand and the contribution of the European Union to global economic governance on the other.

Trade policy is therefore seen as one of the instruments of wider foreign policy. Trade policy can have major positive and negative effects upon poverty in developing countries. Deciding trade policy with regard to other political considerations could compromise efforts to ensure that the EU deals with the world's poorest countries in a way that aims to eliminate poverty and aid sustainable development. Political considerations, such as the war on terror or security concerns could override the pressing economic needs of the poor.

Democratic Oversight of Trade Policy

External trade is the only Common policy that does not have a role in the Treaty for the European Parliament. Parliament's formal role is related to the signing of international treaties and not to trade itself. The oversight granted to European Parliamentarians is extremely limited. The Commission has undertaken a process of Civil Society dialogue, where discussions are held between members of the Commission and business groups, trade unions and NGOs, to increase policy dialogue and therefore the legitimacy of Trade Policy in the European context. The process has received criticism from some NGOs and its effectiveness at actually influencing the policy adopted is questioned. Many NGOs have also questioned the relative influence that business groups have and the additional access that they receive through groups such as the Trans-Atlantic Business Dialogue and the European Services Forum, which have been credited with heavily influencing the positions adopted.