

The EU as a trade policy actor

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Background

- Forthcoming book, October 2015, now being printed
 - Arne Melchior & Ulf Sverdrup (eds.): Interessekonflikter i norsk handelspolitikk, Universitetsforlaget
 - Mainly funded by FHF (Norwegian Seafood Research Fund)
 - Chapter 3: Some co-funding from RCN/EUNOR project
 - Interdisciplinary book: Economics, political science, history
 - Analysis of Norway's trade negotiations over 150 years
- Focus on issue linkage in negotiations
 - Defensive and offensive interests, how can they be combined?
 - Currently: Fish vs. agriculture
 - Scientific contribution on debated issues
- Chapter 3: EU as a trade policy actor
 - Arne Melchior & Ulf Sverdrup, kapittel 3, s. 59-85, EU som handelspolitisk aktør
 - Based on review and some new evidence from interviews and open sources

Relevance: Norway-EU negotiations in 2015

- On EFTA/Norway contribution to economic and social cohesion in the EU ("EEA contribution")
 - Large increases in earlier negotiations
- On about 50 tariff rate quotas for seafood
 - Accumulated over time, due to EU enlargement
 - Some quotas provided as "payment" for "EEA contribution"
- On market access in agriculture
 - Biannual reviews under Art. 19 of the EEA
 - Former agreements in 2002 and 2010
- Three issues, separate rooms, same leadership
 - Were they linked in "integrative" or "synergistic" bargaining?
 - Ex post: Two of them, but not the third

EU as a trade policy actor – drivers of change

- EU enlargement
 - Induced changes in EU policies (e.g. treaties, agricultural policy, cohesion policy)
 - Larger economic heterogeneity, change in industrial profile
 - EU turned into net exporter in agriculture
 - New member states – exporters of agriculture and fish
- Lisbon treaty
 - Common policy area expanded, also for trade policy
 - European parliament – larger role
 - New "foreign minister" and "foreign ministry" (EEAS)
- Economic crisis?
 - Fatigue more than protectionism

EU – one or many actors in trade policy?

- EU – only the sum of country interests?
 - Early days – trade policy settled in Article 113 committee
 - Bargaining between nations still important
 - But growing role for common policies and institutions
- Contradictions between DGs also play an important role
- EEAS – new face but so far not a radical shift in EU trade policy coordination
- Parliament – increased power due to "veto right"
 - Illustration: TTIP delay, spring 2015
 - May lead to more "politicizing" of trade policy

Issues for Norway-EU trade negotiations

- New treaties and more majority voting render it less likely that individual EU countries block negotiations
- EU interests have changed over time
- EEA Agreement – stable framework leading to "business as usual"
 - EU perception of "balance" in relationship with Norway
 - Contrast: Switzerland – perception of conflict
 - Switzerland: All issues linked
- Norway-EU: Weaker issue linkages
 - EEA contributions and seafood quotas were linked
 - Agriculture: Not yet
 - Possible reasons on the EU side: "Balance", pragmatism, fear of conflict, fatigue

Should there be more issue linkages?

- Link between seafood market access and "EEA contribution" – less efficient then before since the "fish protagonists" are no longer receiving the EEA funds
 - Before enlargement: Spain received 59% of EEA contribution
- A linkage between market access for seafood and agriculture could work
 - But the EU must be interested in such a linkage
- Few other "tools" for Norwegian trade negotiators
 - Norway – politically forced to be careful on agriculture
 - Might change in the future, due to changes in the trade policy scene
 - Also strong economic arguments, analyzed in the book

Mysteries of the "cheese tariff"

- Norway – "bound" agricultural tariffs are more than twice the level of "applied" tariffs
 - Can we use this "tariff overhang" and raise tariffs as we wish?
 - According to some, yes
 - From the legal WTO text it is possible
 - Example: Tariff increases for meat and cheese, 2013
- But international negotiations also establish norms of interpretation beyond the legal paragraphs
 - Textile trade policies of the 1980s – an illustration
 - If we violate the norms, there may be a recoil
 - Strong reactions on the "cheese tariff" in the EU
 - Remains to be seen how strong is the "cheese tariff recoil"

The forthcoming book

- Economic and institutional analysis of trade negotiations
 - Extensive review of issue linkages historically
 - Negotiations on EU membership 1972, 1994
 - Negotiations on establishing the EEA
 - GATT and WTO negotiations
 - Bilateral trade agreements back to 1850 (and 1200)
 - Several cases of "synergistic bargaining" also for agriculture
 - But from the late 1950s: Defensive position in agriculture has limited Norway's margin of manoeuvre
 - Book launch seminar: NUPU 21 October 2015
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