

## CHAPTER 5

# The Single Market Central to Brexit

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### Summary

The single market programme marked a turning point in European integration. Although the Treaty of Rome called for the creation of a common market—with the free flow of goods, services, capital, and workers among the member states—realizing that objective had proved difficult. In the 1980s, new ideas about market regulation permeated the EU policy process and, supported by Court of Justice of the European Union (CJEU) judgments and Commission entrepreneurship, facilitated legislative activism and important changes in the policy-implementing processes, culminating in the ‘1992 programme’ to make the single market a reality. Although the task of ‘completing’ the single market remains unfinished, it has moved to the heart of European integration and altered the pattern of state–market relations in the EU. As a consequence, the single market played a central role in the Brexit process. The Brexit

## Introduction

The decision in the mid-1980s to complete the single market induced an explosion of academic interest in the European Union (EU). Before 1985, the theoretical debate on political integration had stalled, studies of EU policy-making were sparse, and few mainstream economists devoted themselves to the analysis of European economic integration. In the late 1980s, all that changed, as competing political analyses proliferated and the economic consequences of the single market programme (SMP), which aimed to realize the free movement of goods, services, capital, and workers among the EU's member states by the end of 1992, were examined. Indeed, many new theoretical approaches to the study of European integration took the single market as their main point of reference, just as many earlier theorists had taken agricultural policy as their stimulus. For many, the single market programme constitutes the critical turning point between stagnation and dynamism, between the 'old' politics of European integration and the 'new' politics of European regulation.

The launch of the SMP represented a very significant redefinition of the means and ends of policy. It enabled the European integration process to adapt to new constellations of ideas and interests and produced a different policy mode that has permeated many other policy areas (Majone 1994). The single market has also affected the public policy model *within* the member states. Thus, market regulation at the supranational level of European governance jostles, often uneasily, with other issues on the political and economic agendas of the EU member states. Such tensions contributed to the United Kingdom's decision to leave the EU. The ensuing Brexit process illuminated how closely the single market has integrated the economies of the EU's member states. The implications of the single market are not confined to the EU's member states. The formal and informal extraterritorial impact on neighbours, partners, and competitors are powerful. The SM has been extended formally to neighbouring countries through the European Economic Area (EEA) and various forms of association with candidate and non-candidate countries and to many eventually by full accession (see Chapter 19). More informally, the SM has changed the conditions under which foreign goods and services may enter the world's largest market. The SM, therefore, will continue to matter to the UK.

## Establishing the single market

The objective of establishing a single market was articulated in the Treaty of Rome (see Box 5.1). It set targets for creating a customs union and the progressive approximation of legislation, as well as for establishing a 'common market', complete with free movement for goods, services, capital, and workers ('the four freedoms'), all within a single regime of competition rules (see Chapter 6). The path was more clearly defined for the customs union than for the common market (Balassa 1975; Belkmans

### Box 5.1 The treaty base of the single market

Art. 34 TFEU (ex Art. 30 EEC)	Prohibition on quantitative restrictions on imports and all measures having equivalent effect
Art. 45 TFEU (ex Art. 48 EEC)	Free movement of workers
Art. 49 TFEU (ex Art. 52 EEC)	Right of establishment
Art. 56 TFEU (ex Art. 59 EEC)	Freedom to provide services
Art. 63 TFEU (ex Art. 67 EEC)	Free movement of capital
Art. 114 TFEU (ex Art. 100 EEC)	Approximation of laws that affect the establishment or functioning of the common market

In the 1960s and 1970s, however, new technologies, new products, new concerns with consumer welfare and environmental protection, and pressure from domestic firms to curb competition all contributed to the adoption of new national rules and regulations, which, whether intentionally or not, impeded trade. Thus, as tariffs among the member states were removed through the creation of the customs union (see Chapter 16), other barriers were revealed, and even reinforced. Local market preferences, as well as national policy and industrial cultures, became increasingly divisive.

### Harmonization and its increasing frustration

In the early 1960s, the Commission began to tackle the negative impact of divergent national rules on trade. These efforts gathered pace after the complete elimination of customs duties between member states on 1 July 1968 (Dashwood 1977: 278–89). Initially the Commission tended to regard 'total' harmonization—the adoption of detailed, identical rules for all the member states—as a means of driving forward the general process of integration. After the first enlargement, however, the Commission adopted a more pragmatic approach and pursued harmonization only where it could be specifically justified.

The principal instrument of the original European Economic Community (EEC) for advancing the four freedoms was the directive; setting the essential framework of policy at the European level and leaving the 'scope and method' of its implementation to the member states. In the case of TBTs, harmonization was based on Article 100 EEC (Art. 114 TFEU). Other articles provided the legal foundation for the freedom of movement for services, capital, and workers, and for aligning many other national regulations (see Box 5.1).

Different national approaches to regulation and the pressures on governments from domestic groups with an interest in preserving the status quo made delays and obstruction frequent (Dashwood 1977: 296). The need for unanimity in the Council of the European Union gave those most opposed to change a veto over harmonization. The Commission exacerbated this problem by over-emphasizing the details and paving too little attention to the general thrust of the harmonization process.

European harmonization could not keep pace with the proliferation of national rules as the member states increasingly adopted measures to protect their industries and to respond to new concerns about consumer and environmental protection. In the late 1970s and early 1980s (Dashwood 1983; Commission 1985b). As a consequence, intra-EU imports declined relative to total imports (Buigues and Sheehy 1994: 18), and the number of Court of Justice of the European Union (CJEU) cases concerning the free movement of goods increased sharply.

The CJEU's jurisprudence began to bite at the heels of national policy-makers. In 1974, the *Dassonville* ruling established a legal basis for challenging the validity of national legislation that introduced new TBTs. The 1979 *Cassis de Dijon* judgment insisted that under certain specified conditions member states should accept in their own markets products approved for sale by other member states (Dashwood 1983: 186; Alter and Meunier-Atsahalia 1994: 540–1).

Nonetheless, there was cumulative frustration in the Commission and in the business community at the slow pace of progress and the uncertainties of relying on interdependence within the EU made national TBTs costly and visible (Pelkmans 1984; Cecchini et al. 1988). In the early 1980s, the governments of western Europe were facing an economic crisis. The poor competitiveness of European firms relative to those of their main trading partners in the US and, particularly, Japan contributed to large trade deficits (Pelkmans and Winters 1988: 6). Transnational companies proliferated and often squeezed the profit margins and markets of firms confined to national markets. The sharp increase in oil prices following the revolution in Iran in 1979 helped to push western European economies into recession. Inflation and unemployment both soared. Business confidence was low and investment, both foreign and European, began to turn away from the Community (Pelkmans and Winters 1988: 6).

### The emerging reform agenda

While the crisis was clear, the response was not (see e.g. Tugendhat 1985). Large trade deficits and high inflation constrained the ability of member governments to use expansionary macro-economic policies to bring down unemployment. Economic interdependence further reduced the efficacy of national responses to the crisis and provided an incentive for a coordinated response to the region's economic problems.

The prospects for a collective response were enhanced by changes within the member states. These are widely described in the political-integration literature as a convergence of national policy preferences during the early 1980s (Sandholtz and Zysman 1989: 111; Moravcsik 1991: 21, 1998: 369; D. Cameron 1992: 56). This convergence, it is claimed, reflected widespread acceptance of neo-liberal economic ideas, which stress that markets are better than governments at generating economic growth. Neo-liberal ideas thus advocate that governments should interfere less in economies by privatizing state-owned industries and removing

Although new government policies certainly did emerge in the early 1980s, closer examination reveals that these differed substantially between countries in terms of their origins, motivations, and intensities (see Moravcsik 1998: 343–4). Political parties advocating neo-liberal economic policies came to power in the UK, Belgium, the Netherlands, and Denmark, in part due to a rejection of the parties that had overseen the economic decline of the late 1970s (Hall 1986: 100). The rejection was less marked in Germany, where the underlying strength of its economy preserved an attachment to the established 'social market' framework. In France, the 'policy learning' was explicit. Expansionary fiscal policies had led to increased inflation and unemployment, exacerbated the trade deficit, and swelled the public debt (Hall 1986: 199). By 1983, the French government had started to look for European solutions, reversing the threat it had made in autumn 1982 to obstruct the common market (Pearce and Sutton 1985: 68). The Spanish government sought to link socialist modernization at home with transnational market disciplines abroad. Convergence is thus something of a misnomer. European market liberalization served quite different purposes for different governments and different economic actors.

New ideas about markets and competition thus started to be floated in response to the problems of the European economy. The appeal of these ideas was influenced by the wave of deregulation in the US in the late 1970s and early 1980s (Hancher and Moran 1989: 133; Sandholtz and Zysman 1989: 112; Majone 1991: 81). Furthermore, the CJEU's 1979 *Cassis de Dijon* judgment provided the Commission with a lever with which to pursue greater market integration (Dashwood 1983). From the early 1980s, European Council communiqués repeatedly expressed concern about the poor state of the single market (Armstrong and Bulmer 1998: 17) and in December 1982 it created an Internal Market Council. Throughout 1983, support for revitalizing the single market continued to grow. In April, the heads of some of Europe's leading multinational corporations formed the European Round Table of Industrialists (ERT) to advocate the completion of the single market (Cowles 1994). The Union of Industrial and Employers' Confederations of Europe (UNICE) added its voice to calls for greater market integration.

### The single market programme

Meanwhile, the Commission began to look for ways to attack barriers to market access, both by systematically identifying them and by exploring ways of relaxing the constraints on policy change. It suggested the 'new approach' to regulatory harmonization, which advanced 'mutual recognition' of equivalent national rules and restricted much of harmonization to agreeing only 'essential requirements'. It thus built on the jurisprudence of the CJEU, notably the definition in *Cassis de Dijon* of essential safety requirements (Schreiber 1991). It drew on the experience of the 1973 'Low-Voltage' Directive, which had incorporated the work of private standard-making bodies—primarily the Committee for European Norms (Standards) (CEN) and the Committee for European Electrical Norms (Standards) (CENELEC)—into

to coordinate the activities of their national standards bodies (H. Wallace 1984). Towards the end of 1983 the Commission privately persuaded the British, French, and German governments to accept this new approach, which was formally adopted by the Council in May 1985 (*Bulletin of the European Communities*, 5/1985).

The 'new approach' limits legislative harmonization to minimum essential requirements and explicitly leaves scope for variations in national legislation (subject to mutual recognition). Under the 'new approach', responsibility for developing detailed technical standards is delegated to CEN and CENELEC.

In 1985, after consultations with the member governments, the new president of the Commission, Jacques Delors, decided that a drive to 'complete the single market' was perhaps the only strategic policy objective that would enjoy any sort of consensus (Moravcsik 1998: 362). In his inaugural speech to the European Parliament (EP), Delors committed himself to completing the single market by the end of 1992. The Milan European Council in June 1985 endorsed the White Paper (Commission 1985a) drawn up by Lord Cockfield, the Commissioner for the single market, containing 300 (later reduced to 282) measures (see Pekkmans and Winters 1988: 12–13).

### The Single European Act

The development of the SM programme coincided with the most significant reform of the European Community's institutions since the Treaties of Rome. In June 1984, the meeting of the European Council in Fontainebleau cleared the way for institutional reform by resolving the question of Britain's budget rebate and the outstanding issues of the Iberian enlargement. At this meeting, the Commission tabled the 'new approach' and the British government tabled a memorandum that called *inter alia* for the creation of a 'genuine common market' in goods and services (Thatcher 1984). The meeting established the Ad Hoc Committee on Institutional Reform (Dooge Committee) to consider reforms to the Community's decision-making procedures with the Iberian enlargement in mind. Earlier that year in its Draft Treaty on European Union, the European Parliament (1984) had sought to focus attention on institutional reform, calling *inter alia* for increased parliamentary powers and greater use of qualified majority voting (QMV) in the Council.

By December 1985, a remarkably quick and focused Intergovernmental Conference (IGC) had agreed the terms of institutional reform that became the SEA. In addition to its important focus on accommodating enlargement, the SEA specifically endorsed the '1992 programme' to complete the single market and altered the main decision rule for single-market measures (with the exceptions of taxation, free movement of persons, and the rights and interests of employed persons) from unanimity to QMV. It also enhanced the powers of the EP by introducing the cooperation procedure for SM measures. Thus, a strategic policy development and an institutional reform were linked. The agreement to proceed with the single market, therefore, was embedded in a broader set of agreements, including the accommodation of new members by the distribution of seats in the European Parliament.

included to assuage the concerns of some member governments about the liberalizing dynamic of the SMP (Armstrong and Bulmer 1998: 14).

### Squaring the theoretical circle

Theoretical accounts of the SMP and SEA fall into two main approaches: one that emphasizes the role of supranational actors (neofunctionalism), the other that stresses the importance of the member governments (liberal intergovernmentalism) (see Chapter 2). Comparisons of the two approaches are complicated by the fact that some observers focus on the SMP, whilst others concentrate on the SEA.

Those analysts that concentrate on the SMP tend to stress the role of supranational actors. Cowles (1994) and van Apeldoorn (2001, 2002) emphasize the importance of transnational business interests in shaping the EU agenda in favour of the completion of the single market. Sandholtz and Zysman (1989) also give pride of place to supranational actors, although they cast the Commission in the leading role, with big business lending support. Garrett and Weingast (1993) contend that it was the CJEU's idea of mutual recognition that provided a focal point for agreement among member governments that favoured liberalization. Alter and Meunier-Aitsahalia (1994) recognize the importance of the idea of mutual recognition, but stress the Commission's entrepreneurial exploitation of this idea as a formula for liberalization. There was not one unambiguous understanding of the single market programme, however (van Apeldoorn 2001, 2002; Jabko 2006). In addition to the neo-liberal vision of boosting economic efficiency by freeing trade among the member states and thus increasing competition, there was also a more competitiveness-oriented vision, in which the creation of the single market, not least through enabling European firms to take advantage of greater economies of scale, would make European firms more competitive internationally. Jabko (2006) contends that the Commission strategically exploited the ambiguity about the meaning of the single market in order to advance European integration. By contrast, van Apeldoorn (2001, 2002) argues that the clash between competition and competitiveness factions within the ERT was won by the competitiveness faction, which wanted the removal of internal barriers to trade to be accompanied by higher barriers to imports from outside the EU and by a European industrial policy, but this agenda was thwarted by opposition from neo-liberal governments (see also Parsons 2008). Despite differences of emphasis, accounts of the SMP tend to emphasize the role of supranational actors and are thus at least compatible with neofunctionalism.

Analysts who focus on the SEA, by contrast, stress bargaining among the member governments whose preferences were influenced by domestic economic pressures (Cameron 1992; Moravcsik 1991, 1998). Moravcsik (1998: 374) argues that the SEA was the product of interstate bargaining, principally between the British, French, and German governments, and that traditional tools of international statecraft, such as threats of exclusion and side payments, explain the final composition of the '1992 programme' and the SEA. He does, however, recognize that supranational policy

and helping to mobilize transnational interests (Moravcsik 1998: 372, 374). Both Moravcsik (1998) and Garrett (1992) argue that the member-state governments were willing to accept limits on their policy autonomy because they were engaged in an extended cooperative project and wanted to be able to ensure that their partners would comply with agreements. Parsons (2008), however, argues that proponents of the SMP, most notably the British government, accepted institutional reform only as the price demanded by those states less enthusiastic about liberalization, but more committed to integration, not because they considered institutional reform necessary for realizing the project. Thus, while there is broad agreement that the contours of the institutional bargain were defined by bargaining among self-interested governments, precisely why they accepted the outcome they did is contested.

As the neofunctional and liberal intergovernmental approaches seek to explain distinct, albeit related, events, both may be broadly accurate. The Commission, transnational business interests, some member governments, and to an extent the CJEU played the lead role in shaping the SMP, while bargaining among the member governments primarily determined the outcome of the SEA (Armstrong and Bulmer 1998: 19). This account is consistent with different types of actor having different impacts on different types of policy (Cowles 1994; Peterson 1995). When it comes to 'history-making' decisions, such as the SEA, the member governments are the crucial actors. When dealing with policy-framing decisions, of which the SMP is a particularly weighty example, the supranational institutions, and their allies, tend to be important.

### Subsequent institutional reform

The SEA set the institutional framework for the single market programme, and its broad parameters remain largely unchanged. The most significant subsequent change was the introduction of the co-decision procedure in the Maastricht Treaty on European Union (TEU). The Treaty of Amsterdam established clearer guidelines about when member governments might adopt national rules stricter than agreed common rules. The Treaty of Lisbon (Tol) made only modest changes to the single market programme by increasing the EP's role in legislation to liberalize specific services (Article 59 TFEU) and by establishing a formal mechanism for establishing European intellectual property rights (Article 118 TFEU). Lisbon also introduced a mechanism by which the Commission can impose financial sanctions on member states that fail to transpose EU legislation (Article 260(3) TFEU). More strikingly, the institutional reforms—QMV and co-decision—first introduced with respect to single-market measures have been subsequently extended to other areas of policy-making; becoming the 'ordinary legislative procedure' in the Tol.

**TABLE 5.1** The different modes of market integration

Type of integration	Form	Description
Negative	Mutual recognition principle	different national standards assumed to be equivalent in effect
	'New approach'	common objectives with reference to voluntary standards
Positive	Approximation	common detailed rules
	Common authorization	common approval of individual products required

Source: adapted from Holmes and Young (2001)

the mutual recognition principle, the abolition of frontier controls, and the elimination of exchange controls. Secondly, the SEA changed the institutional framework for 'positive integration'—agreeing common rules to replace national ones—by extending and activating QMV and enhancing the powers of the EP. In addition, with respect to the 'new approach' and 'home country control' (see A greater focus on services), the SMP blurred the distinction between positive and negative integration by setting only minimum common requirements. These different modes of integration have profound political implications as they both affect who the key actors in the policy process are and shape their relative influence (see Table 5.1).

### Negative integration

Negative integration is the elimination of national rules that impede economic exchange. It can occur as the result of political agreement among the member governments on the basis of a proposal from the Commission, as was the case with eliminating border procedures, abolishing exchange controls, and liberalizing transport services. In such instances, the politics of negative integration looks much like those of positive integration (see later). More commonly, however, negative integration occurs as the result of a national measure being found incompatible with the treaties as the result of a judicial process. In such instances, firms are usually the initiators, and the courts (ultimately the CJEU) are the decision-makers.

The principle of mutual recognition is at the heart of negative integration. It is deceptively simple. The basic idea is that all member-government regulations, whatever their differences in detail, should be assumed to be equivalent in effect. Consequently, products sold legally in one member state should be considered equally safe, environmentally friendly, etc. as those sold legally in any other member state. The UK government has proposed mutual recognition, along with non-discrimination, as the core principles of the UK's internal market after the EU.

## The politics of policy-making in the SM

The SMP and SEA fundamentally changed the politics of market integration within the European Community. First, the SMP and SEA

producing firm can challenge that prohibition under EU law. If successful, the importing member government must accept the product, and negative integration has occurred.

Under EU law, however, member governments have the right, albeit within limits, to enforce strict national rules despite the principle of mutual recognition. Crucially, the principle applies only when the assumption holds that the national rules are equivalent in effect. This is not always the case, and Article 36 TFEU (ex Art. 36 EEC) permits restrictions on trade for a number of public policy reasons, including public morality and the protection of human, animal, and plant health and safety. It is, therefore, possible that a government's more stringent regulation will be upheld by the courts if there is a legal challenge. Mutual recognition in the EU, therefore, is 'conditional' (Weatherill 2018).

As a consequence, there are incentives for the trading partners of the country with the more stringent standards to negotiate a common rule in order to eliminate the disruptive impact on trade of different rules (Vogel 1995; A. R. Young and Wallace 2000). This is one of the reasons why mutual recognition applies primarily to relatively simple products. It also means that strict-standard governments, particularly those with valuable markets, can play an important role in setting the agenda for positive integration.

### Positive integration

Because different countries, for a wide variety of reasons, adopt different regulations and because those regulations serve public policy goals and usually impede trade only as a side effect of realizing their primary objective, it is frequently not possible simply to eliminate national rules ('negative integration'). In such cases, in order to square the twin objectives of delivering public policy objectives and liberalizing trade it is necessary to replace different national rules with common EU ones ('positive integration'). Given the relative importance of 'positive integration' in the EU's market integration project, it is more appropriate to describe the SMP as 'regulatory, than deregulatory'.

### The policy cycle and institutional actors

Formally, the Commission is the agenda-setter for positive integration, as only it can propose new measures. The reality is somewhat more complicated. The Council and EP can request that the Commission develop proposals. In addition, as noted earlier, the member states can indirectly shape the agenda by pursuing policies that disrupt the free flow of goods or services within the single market. In addition, member governments, as part of compromises on legislation, often build in 'policy ratchets' requiring that an issue be reconsidered by some specified time in the future.

As discussed earlier, the SEA introduced two important changes to the legislative process on single market measures: QMV and the enhanced role of the EP. In the

votes (see Figure 4.5). It is difficult, however, to assess how significant QMV has been to the single market programme as measures are put to a vote only when they are sent to pass. Votes against measures might, therefore, be more to appease domestic constituencies or to signal potential implementation problems than to express strong opposition (see Chapter 4).

By increasing the power of the European Parliament, the SEA and subsequent treaties have made the adoption of single-market measures more complicated (Parsons 2008). Since the TEU strengthened the EP's ability to reject proposals, it has been a co-legislator with the Council (Hix 1999: 96). The EP's increased influence, formally in decision-making and informally in proposal shaping, has affected policy outcomes by enhancing the representation of civic interests, such as consumer and environmental groups (Peterson and Bomberg 1999; A. R. Young and Wallace 2000).

As just under half of the SM legislative programme, including the measures with the widest scope and significance, takes the form of directives, the member states have a central role in implementation. The transposition of directives into national law is a necessary, but not very visible, process, since in most cases it occurs through subordinate legislation that is not much debated. Criticisms of 'Brussels bureaucracy' often relate to rules that had been transposed into national law without debate and with little attention from national parliamentarians.

Although the Commission formally has a role in enforcing the single market, its

staff is too small and its policy remit too broad for it to engage actively in policing all

nooks and crannies of the single market.

Instead, the job of ensuring compliance is

decentralized and relies heavily on firms and non-governmental organizations iden-

tifying issues and either bringing them to the Commission's attention or addressing

them directly through the courts.

### The policy players

The SMP is primarily about regulation, and, in keeping with Theodore Lowi's (1964) characterization of regulatory politics, interest-group competition characterizes the politics of single-market measures. 'Brussels' had for a long while attracted pressure groups and lobbyists, but the SMP contributed to both a dramatic expansion of such activity and some changes in its form.

In part, the increase in the number of Eurogroups was a simple reaction to the range and quantity of sectors and products affected by the SMP and the speed with which they were being addressed. Organizations (pressure groups, firms, local and regional governments, and NGOs) that had previously relied on occasional trips to Brussels started to establish their own offices there or to hire lobbyists on retainer. This shift to Brussels was also a response to the looming shadow of QMV, which meant that firms and interest groups could no longer count on 'their' member government being able to defend their interests. Building alliances with like-minded groups from other countries, other member governments, and within the Commission became crucial, and that meant having a presence in Brussels. The Commission, with limited staff and pressed for expertise, readily opened its doors to these actors.

effective political muscle. The consumer and the purchaser had been the intended beneficiaries of the SMP and the 'minimum essential requirements' of harmonizing and liberalizing directives were often to help them or their assumed interests. However, it is easier to discern consumers as objects of policy than as partners in the process, although they are often sporadic participants (A. R. Young 1997; A. R. Young and Wallace 2000).

In addition to changes in the volume and types of interest group active in Brussels, the SMP also contributed to changes in the form of interest-group participation in policy-shaping. Individual firms and direct-member associations joined conventional peak and trade associations as key participants in the Commission's consultative processes. Another change was greater reliance on consultancy, which started to erode the old distinctions between public policy-making and private interest representation. The Commission, member governments, and firms all found themselves relying increasingly on consultants to inject 'expertise'.

Although the single market programme made 'Brussels' much more important, firms and interest groups retain close contacts with their national governments as they remain important players in the SM policy process. Rather than consistently preferring national or European policy, the SMP contributed to a rise in 'forum shopping', with non-state actors pursuing their policy objectives at whichever level of governance they consider more likely to deliver the desired result.

In the single market policy process the Commission plays a pivotal role. Its sole right of initiative ensures that, but what really matters is how the Commission has chosen to use it. Although deregulatory rather than deregulatory, the SMP has liberalized markets and increased competition among firms from different member states. In such circumstances, the costs of policy change (liberalization) are concentrated on the protected firms and the benefits tend to be disbursed thinly across a wide range of actors (consumers and users), although some particularly competitive firms are also likely to benefit. In such circumstances, a policy entrepreneur is required to champion change and galvanize support—a role that the Commission has grasped with gusto.

The policy networks surrounding the SMP—both because they involve actors from multiple member states and because the participants are not directly involved in implementing policy decisions—tend to be more open than those in individual member states. As a result, a large number and wide variety of interests have access to the policy process. Furthermore, if there is to be an EU regulation, producers tend to want their national rules to provide the template. As a consequence, powerful business interests often compete with each other in the EU policy process, thereby diluting the typical 'privileged position' of business vis-à-vis other, less organized actors (see Chapter 3).

Hence, SM regulations are usually contested by 'advocacy alliances', tactical, often loose groupings of diverse proponents and opponents of particular policies (A. R. Young and Wallace 2000: 3). Such 'advocacy alliances' bring together combinations of member governments, supranational European institutions, and producer and

### A greater focus on services

SMP activity in the 1980s and through the 1990s concentrated primarily on the free movement of goods (Vogt 2005). With respect to the free movement of capital, there was the crucial 1988 Directive 88/361 that scrapped all remaining restrictions on capital movements between residents of the member states from 1 July 1990. There were also efforts to galvanize the free movement of workers by removing disincentives to relocating to another member state (see Chapter 11). Services, however, despite their economic importance—they account for almost three-quarters of EU GDP and employment (WTO 2017: 25)—were relatively neglected until the turn of the century.

There were some notable exceptions. In transport services, restrictions on the number of operators were replaced by qualitative criteria and firms were able to operate between and even within EU member states other than their own. In utilities, such as electricity and telecommunications, which were dominated by public monopolies, the EU used competition policy to introduce greater competition (see Chapters 6, 12, and 14). A version of the 'new approach' with mutual recognition explicitly underpinned by agreement on common minimum principles for national regulation was applied to financial services. 'Home country control' enables financial institutions, such as banks, to operate throughout the EU subject to the regulatory oversight of only the member state in which they have their headquarters (their 'home'). In a number of professions, mutual recognition of qualifications was established on the basis of agreed common requirements. Nonetheless, the provision of services within the EU was governed primarily by the right of establishment and the freedom to supply cross-border services enshrined in the Treaty of Rome. As a consequence, the provision of services within the EU remained regulated primarily by national rules (Langhammer 2005).

The 2000 Lisbon European Council identified removal of barriers to services as key to boosting the EU's competitiveness. The 2006 Services Directive (2006/123), which was 'the response to this challenge, pitted neo-liberalism versus "social Europe", saw the European Parliament play a major role, and essentially divided the old and new member states (see Box 5.2). It thus revealed how politically fraught liberalization within the EU can be. As a consequence, it resulted in only 'gradual liberalization' of the services sector (WTO 2017: 26), and the single market in services remains 'highly incomplete' (AmCham 2017: 8). Intra-EU trade in services, therefore, is less significant than intra-EU trade in goods, despite services' much greater economic importance (see Table 5.2).

### The regulatory policy mode

The SM policy process, therefore, combines high levels of interest group engagement with Commission entrepreneurship, Council bargaining, and parliamentary deliberation over common rules. These rules are subsequently often confirmed by

### BOX 5.2 The Services Directive

The Commission's 2004 proposal was radically liberalizing. It sought to formalize mutual recognition in services through the 'country of origin' provision, under which a service provider would be able to operate throughout the EU in accordance with the regulatory requirements of its country of origin. This proposal was highly controversial because it threatened to undermine the 1996 Posted Workers Directive (96/71/EC), which specified that host-country labour and wage laws, where they exist, apply to workers wherever they are from. The issue of labour standards was particularly sensitive because of the much larger wage differentials between the new and old member states after the 2004 enlargement. Playing on this aspect of the proposal, its opponents, notably labour unions in the old member states, managed to frame the directive as permitting a particularly inequitable kind of social dumping, as workers working side by side would be paid different wages and foreign workers would face host-country prices while being paid home-country wages.

The European Parliament responded to these concerns by adopting, over the votes of many MEPs from central and eastern European countries, a substantially modified version of the draft directive that replaced the concept of 'country of origin' with 'freedom to provide services' and exempted a number of sectors. Most of the central and eastern European member states, Finland, and the UK preferred the Commission's proposal, but the Commission, in the face of entrenched opposition to radical liberalization, accepted most of the Parliament's amendments. The Council adopted this version with only minor, slightly liberalizing changes, with only Belgium and Lithuania abstaining. The directive, therefore, was significantly less liberalizing than the Commission had intended.

Sources: Hay 2007; Howarth 2007a; Nicolaïdis and Schmidt 2007

other polities. With regard to economic regulations—such as controls on prices or numbers of service providers—the SMP has been liberalizing. With regard to social regulations—such as consumer safety, data protection, or environmental product standards—the SMP has tended to increase competition among European firms, but through the adoption of relatively stringent common rules (Sbragia 1993; Peterson 1997; Scharpf 1999; A. R. Young and Wallace 2000).

There are two keys to these different dynamics. The first concerns policy ideas. While neo-liberalism has expounded the benefits of removing restrictions on competition (Majone 1991), post-material values and more recent ideas such as the 'precautionary principle' have supported more stringent social regulations (Vogel 2012; Weale 1992). The second key concerns how the potential for negative integration affects the bargaining power of the member governments within the Council under the shadow of QMV.

With regard to economic regulations, the prospect of negative integration is pronounced, putting those member governments with restrictions in a weak position to do more than slow the pace of liberalization (Holmes and McGowan 1997; Schmidt 1998; A. R. Young and Wallace 2000). With regard to social regulations, however, the Treaty accepts, within limits, the right of member governments to adopt rules that impede trade. In addition to putting such issues on the agenda, as noted earlier, this situation puts the stricter-standard country in a stronger bargaining position. Its firms are protected from competition and its citizens are content, while foreign goods or services are excluded. The cost of no agreement, therefore, falls more heavily on its partners. Under QMV, no individual government can hold out alone for stricter standards, but there is usually an 'advocacy alliance' of civic interest groups, stringent-standard producers, several member governments, the Parliament, and often the Commission in favour of more stringent standards. As a consequence, the SMP has tended to contribute to 'trading up' (Vogel 1995; see Chapter 12 for a discussion of how these dynamics played out with respect to data protection).

The regulatory policy mode still predominates in single market legislation, but it is no longer as pre-eminent as it once was. Particularly in the 2000s, there was a proliferation of European regulatory agencies that were set up by secondary European framework legislation (Kelemen 2012). Some—such as the European Medicines Agency, the European Food Safety Authority, and the European Chemicals Agency—conduct risk assessments that inform regulatory decisions on specific products (common approvals). In the case of medicines, the Commission takes the decision. With food safety, including genetically modified crops, and chemicals the Commission is assisted by representatives of the member states through comitology (see Chapter 4). Should the member states neither approve nor reject a product, the Commission decides. Other regulatory agencies—such as the European Aviation Safety Authority—implement and enforce EU legislation, including, in the case of aviation, providing type-certification of aircraft and components and authorizing non-EU airlines to operate in European airspace. Moreover, these regulatory decisions tend to have direct effect. As the EP is not

TABLE 5.2 Extent of economic integration

	Goods (2015)	Services (2013)
EU27 maximum	70.4% (Slovakia)	141.8% (Luxembourg)
EU28 average	31.9%	9.0%
EU27 minimum	10.5% (Spain)	2.8% (Italy)
UK	9.5%	3.6%

Note: The figures for goods and services represent the average of a country's intra-EU exports and imports as a percentage of its GDP

Source: Compiled from AmCham 2017: Figures 2 and 4

It is, however, important to recognize that the regulatory mode actually contains two distinct dynamics: one that promotes market liberalization ('market making')

## Policy linkages

The elimination of legal barriers to cross-border exchange has also shifted attention to the processes and conditions under which they are produced and provided. Irrespective of other arguments for European policies on environmental and social issues (see Chapters 11 and 13), the preoccupation of producers with operating on a level playing field turned attention to the relevance of such rules for costs, competitiveness, and profitability. Moreover, the Commission considers addressing the social and environmental impacts of increased competition as necessary for maintaining support for the single market project (Commission 2010b: 8–9 and 22–4). The SM was also invoked to build support for the two big policy initiatives that followed it: economic and monetary union (see Chapter 7) and justice and home affairs (see Chapter 15). In addition, renewed efforts to enhance the mobility of workers before and after retirement can have significant implications for the functioning of European welfare states (see Chapter 11).

The single market also has implications for the EU's external policies. Single market rules profoundly affect the terms on which third-country goods and services enter the EU (see Chapter 16; A. R. Young and Peterson 2014). As a consequence of the stringency of many of its common rules and its more general regulatory capacity, the EU is considered 'the predominant regulator of global commerce' (Bradford 2012: 5; Drezen 2007: 36; with respect to data protection, see Chapter 12). Differences between single market rules and those of the EU's trade partners have now moved to the centre of the EU's bilateral trade relations, most prominently in the context of the unsuccessful negotiation of a Transatlantic Trade and Investment Partnership (see Chapter 16; A. R. Young and Peterson 2014), although the EU does not pursue close regulatory alignment through its bilateral trade agreements, even its most advanced ones, such as its Comprehensive Economic and Trade Agreement (CETA) with Canada (A. R. Young 2015).

Single market rules have, however, provided a core basis for relations with the EU's neighbours; the non-EU members of the European Economic Area (EEA) (Iceland, Liechtenstein, and Norway); Switzerland; the current and former candidate countries; and (to a lesser extent) the states participating in the European neighbourhood policy (see Chapter 19; A. R. Young and Wallace 2000). The members of the EEA must adopt all EU single market measures, and accept the free movement of persons, although they are not members of the EU's customs union and the EEA, but own trade policies. Switzerland is also outside the customs union and the EEA, but it is tied to and integrated into the single market through a web of bilateral sectoral agreements, which include provisions on the free movement of persons. These agreements are interconnected, so that the abrogation of one invalidates them all. Countries aspiring to join the EU must align with single market rules, among other requirements (see Chapter 19). These countries are all formally rule-takers, adopting the EU's single-market rules.

enable the UK to restrict the movement of persons and pursue its own trade policy, but would significantly restrict its access to the EU's market—to 'Norway plus', which would envisage continued full participation in the single market, including the free movement of persons, as well as the customs union. In the end, the UK government's formal negotiating position envisaged a CETA-like agreement (Prime Minister's Office 2020).

## Brexit and the single market

The single market and Brexit are intricately intertwined. Issues associated with the single market were central to the referendum campaign. The British government's single-market-related 'red lines'—issues on which it would not compromise—complicated the negotiation of the Withdrawal Agreement and dictated the contours of its future relationship with the EU. Inverting the focus, the Brexit process has highlighted how closely the single market has integrated the economies of the EU's member states.

### The single market: causing and complicating Brexit

The single market was central to the 2016 referendum campaign about whether the UK should 'remain' in the EU or 'leave', even if largely implicitly. The Remain campaign and, prior to the start of the referendum campaign proper, UK government reports (HM Treasury 2016a, 2016b) emphasized the economic costs associated with leaving the EU, in which leaving the single market figured prominently. The two-pronged Leave campaign—the UK Independence Party and Vote Leave—focused on controlling immigration and 'taking back control' of British laws (Vote Leave 2016).

As the UK had opted out of Schengen (see Chapter 15), it could decide which non-EU citizens could enter its territory. Controlling immigration, therefore, meant regulating immigration by nationals of other EU member states, one of the four freedoms at the heart of the single market. Taking back control of British laws meant not having to apply EU legislation, much of which is associated with the single market, or adhere to the jurisdiction of the CJEU.

Exit polls indicated that for those who voted to remain, the main considerations were that the economic risks of leaving the EU were too great (43%) and that having unfettered access to the EU's single market while being outside the euro and Schengen was an ideal position for the UK to be in (31%) (Lord Ashcroft 2016). For those who voted to leave, the main motivations were that decisions affecting the UK should be taken in the UK (49%) and that the UK should regain control over immigration (33%). The referendum, therefore, was to a considerable extent contested about the costs and benefits of membership of the single market.

When Prime Minister Theresa May (2017) first set out the UK government's negotiating objectives in January 2017, two of her 'guiding principles' related to the

immigration to Britain from Europe'. The single market, therefore, was central to the British government's red lines when it entered negotiations with the EU.<sup>1</sup>

From the outset, the European Union's position has been that the four freedoms of the single market are 'indivisible' (European Council 2017: 1). As a result, the UK's insistence on ending the free movement of persons meant that it could not enjoy access to the single market in goods and services.

Under May, the UK expressed the desire for a future relationship that provided for 'frictionless access' to each other's markets in goods, including a 'common rulebook' including only those rules necessary to ensure seamless trade (HM Government 2018a: 8). It indicated that it would accept less favourable access in services as the price for being able to control immigration from the EU. Under May's successor, Boris Johnson, however, the British government in 2019 explicitly shifted its objective, stating that the UK would 'take control of its own regulatory affairs' (Johnson 2019; Prime Minister's Office 2020). Thus, successive Conservative governments promoted radically different visions of the UK's future relationship with the EU, which hinged in part on how closely tied to the single market they were willing to be.

### Brexit: revealing the value of the single market?

The single market has developed gradually over time. As a result, improvements associated with it accumulated gradually. Intra-EU trade as a share of EU GDP increased slowly, if steadily, from 14.2% in 1995 to 20.9% in 2008 before falling during the global financial crisis (AmCham 2017:12). It had recovered to 29.8% by 2015. The single market's gradual development has made it harder to discern its impact and many of its benefits have become taken for granted. In a 2009 survey, one-third of respondents did not answer or could not name one thing that came to mind when they heard the phrase 'the internal market of the European Union' (Eurobarometer 2010: 8). Moreover, while most respondents viewed the single market positively—particularly in terms of increasing the variety of products available, boosting competitiveness, creating jobs, and responding to crises—most felt that the single market benefited only large companies, and sizeable minorities considered that the single market had made things worse, such as by eroding consumer protection, worsening working conditions, and threatening national identity and culture (Eurobarometer 2010: 10).

The challenges confronting the UK as a result of the government's determination to leave the single market, however, have illuminated how closely intertwined the economies of the EU's member states have become. Irrespective of an agreement between the UK and the EU, life for citizens and firms will become more complicated. British travellers to the continent will need comprehensive travel insurance and a vet's certificate for their pets (Castle 2020). They may also confront mobile phone roaming charges. For businesses, the collection of value-added tax on imports between the UK and the EU will change (The UK in a Changing Europe 2020: 12). Health checks will be required on animal and plant imports into both jurisdictions.

<sup>1</sup> Veterinary agreement that reduces the proportion of physical checks required (Foster and Thomas 2020).

Foster of the importance of the EU market and because of the need for exports because of its regulations, the vast majority of British firms do not want the UK to exercise its right to adopt product regulations different from those of the EU (CBI 2018: 6). This is particularly the case for manufacturing sectors that are closely integrated into European supply chains, such as automobiles, aerospace, and chemicals (The UK in a Changing Europe 2020: 21–2 and 25).

It is not enough for a product to comply with the EU's regulations, it is necessary to demonstrate that it does. Within the EU, such demonstrations are not required because 'institutional and constitutional frameworks' underpin common rules and establish trust (Weatherill 2018). Under EU law, such trust does not extend to non-EU members. Absent agreements on conformity assessment, UK-based producers of sophisticated products—most notably automobiles, aeroplanes and aeroplane parts, chemicals, pharmaceuticals, some medical devices, and personal protective equipment—would need to be authorized separately by the UK and the EU to sell their products in both markets (Commission 2020b: 9; The UK in a Changing Europe 2020: 21–4). These requirements will increase the costs of doing business.

The UK's departure from the single market will also disrupt connectivity between the two jurisdictions (Commission 2020: 15–16). The default positions for transport services are quite dire. Providers of cross-border rail services would need to comply with both UK and EU licensing and safety requirements. Companies transporting people and goods by road will be restricted to limited quotas available under the existing European Conference of Ministers of Transport. Air carriers will not be able to operate between the two markets unless there is an agreement on air service rights. Agreements, therefore, are necessary to keep the two economies connected.

Two other critical single-market-related issues are not the subject of negotiation, rather they will be settled unilaterally by the Commission. One concerns the adequacy of the EU's data protection provisions (see Chapter 12). Transfers of personal data from the EU to the UK will have to comply with the terms of the General Data Protection Regulation (GDPR) and the Law Enforcement Directive. The Commission has undertaken to determine whether the UK's rules provide adequate protection. As the EU's standards regarding sharing data with security services are more stringent for third countries than they are for EU member states (The UK in a Changing Europe 2020: 27), the adequacy of the UK's regime is not a given. If the Commission does not conclude that the UK's rules are adequate, firms transferring data to the UK from the EU would have to rely on model contracts. The UK has accepted the adequacy of the EU's data protection regime up to the end of 2024.

The Commission is also assessing whether the UK's financial regulations are equivalent to its own. It was originally supposed to complete its assessment by the end of June 2020, but it did not do so due to two complicating factors (Commission 2020: 13–14). First, given the UK's stated intention to diverge from the EU's regulatory and supervisory frameworks, the Commission sought information on the UK's

as accounting, investment services, and securities—and the Commission could not assess adequacy until it knew the outcomes of the policy processes. These determinations are unlikely until after the end of the transition period.

In any event, equivalence is a poor substitute for passporting within the single market. First, it does not apply to the full spectrum of EU financial services regulation (Commission 2020: 13). Secondly, in some areas—such as insurance and commercial bank lending—equivalence does not provide market access for third-country firms; rather it eases prudential or reporting requirements on EU firms operating in third-country markets. Thirdly, the Commission can withdraw equivalence decisions at any time, which does not allow for much certainty. Thus, in a range of sectors, the contrast between being inside and outside the single market is being laid bare.

Beyond the economic implications of leaving the single market, avoiding single-market-related checks at the border between Ireland and Northern Ireland was one of the central issues that vexed the negotiations over the UK's withdrawal (see Chapter 16). Under the Withdrawal Agreement, Northern Ireland remains in the single market with respect to goods—applying EU regulations and complying with EU VAT rules—at least until Northern Ireland votes to leave. This arrangement implies that there will be a de facto border in the Irish Sea, as agri-food goods shipped from Great Britain will need to be checked upon arrival in Northern Ireland for compliance with EU rules (HM Government 2020b).

## Conclusion

The single market programme represents an approach to policy different both from that within the EU prior to the mid-1980s and from that found in most member states. It is an explicitly regulatory mode of policy-making. As a consequence, new relationships have been established between public and private actors at the EU level and between actors operating at the national and European levels. This has tended to open up the policy process, although business groups, especially large firms, have a 'privileged position', as they do at the national level. There is, however, more likely to be competition among such privileged actors at the European level than within member states.

The SM has also reduced the dependence of many economic actors on national policy. The scope for national policy-makers to control economic transactions on their territories has become more limited. That is not to say, however, that the political turf has been won by EU-level policy-makers. Although the Commission has been heavily engaged in promoting the single market, its own net gain in authority is open to debate, not least since it has also become the butt of residual criticism about the downside effects of market liberalization, which became particularly evident during the global financial crisis. Moreover, the member governments—as participants in decision-making, the enforcers of most EU legislation, defenders of the los-

nations are unlikely until after the end of the transition period.

On the original development of the 1992 programme, see Pelkmans and Winters (1988). Egan (2015) compares the development of the single market to economic integration in the United States. For discussions of the political dynamics of the SMP, see Armstrong and Bulmer (1998), Majone (1996), Scharpf (1999), and Young (2007). The American Chamber of Commerce (AmCham 2017) provides an estimate of the economic impact of the single market by member state on the 25th anniversary of the 'completion' of the single market. The CBI (2018) provides a detailed account of the implications of single market rules for different UK sectors.

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# Trade Policy

## Making Policy in Turbulent Times

Aloisdair R. Young

Under the ToL, the objective of an AFSJ figures second after the overall commitment to peace promotion, and before the internal market, environmental, or social policies. This priority has translated into the gradual widening of supranational competences, yet cooperation has continued to focus on transgovernmental operational coordination among fragmented national authorities rather than through the development of supranational legislation and centralized powers. Next to this emphasis on horizontal cooperation among the member states which largely preserves their sphere of sovereignty, the second important dynamic in the evolution of JHA cooperation is its shift towards external relations, and its gradual rapprochement with the CFSP. Terrorist attacks and immigration pressures have kept JHA high on the EU agenda. The crisis of the CEAS of 2015/2016 has exposed the limits of existing instruments, and political controversies have shaken up the foundations of European unification. The rise of right-wing, anti-immigrant, and Eurosceptic political parties all over Europe has led to a hitherto unprecedented level of discord and politicization in the EU. The irony is that while supranational actors and above all the Commission depend on efficient problem-solving in order to uphold the legitimacy of European integration, thereby prompting it to propose ambitious reforms, in this political climate, member states show even less inclination towards transfers of sovereignty. The uncoordinated propagation of national controls and mobility restrictions at EU internal borders during the Covid-19 pandemic, putting a further strain on the Schengen system of free circulation, is a powerful signal of states' enduring sovereign prerogatives. The consequences of this dilemma of increasing pressure but decreasing support for joint solutions are more transgovernmental muddling through and an approach that privileges the security interests of the member states vis-à-vis broader considerations of human rights or foreign relations.

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### Summary

This chapter introduces the importance of EU trade policy both to the European integration project and to the EU's role in the world. It explains how trade policy is made, which is largely in line with the 'Community method', although the 'regulatory mode' has become more prominent. The chapter also charts how the emphasis of EU trade policy has shifted from prioritizing multilateral negotiations to pursuing bilateral agreements. It argues that there has been considerable continuity in EU trade policy despite the challenges posed by the Trump administration's 'America First' trade policy, the apparent politicization of trade policy in Europe, and Brexit.

### FURTHER READING

- For fairly comprehensive overviews of the JHA generally and EU migration policy more specifically, see the Handbooks by Ripoll Servent and Trauner (2018) and Weinan, Bonjour, and Zhyznomirská (2018). Mitsilegas (2018) gives an excellent introduction to EU criminal law cooperation. The edited volume by Carrera, Santos Vara, and Strik (2019) provides an up-to-date analysis of the crisis of EU asylum and migration policy with a focus on its external dimension.
- Carrera, A., Santos Vara, J., and Strik, T. (eds.) (2019), *Constitutionalising the External Dimensions of EU Migration Policies in Times of Crisis. Legality, Rule of Law and Fundamental Rights Reconsidered* (Cheltenham: Edward Elgar).
- Mitsilegas, V. (2018), *EU Criminal Law After Lisbon* (London: Hart Publishing).
- Ripoll Servent, A., and Trauner, F. (eds.) (2018), *The Routledge Handbook of Justice and Home Affairs Research* (London: Routledge).

Introduction

Trade policy is one of the European Union's foundational policies and is central to how the EU engages with the rest of the world.<sup>1</sup> The EU gradually became a more important player on the world stage, establishing itself as the key partner for the US in multilateral trade negotiations in the 1970s before emerging as a champion of the multilateral trading system in the mid-1990s. Throughout this period, trade policy was characterized by technocratic policy-making between the Commission and the Council (Woolcock 2010, 2015). Trade policy, therefore, closely approximated the 'Community method' of policy-making (see Chapter 4). As the European Parliament's (EP) role in trade policy has increased since Maastricht and, particularly, Lisbon, elements of the regulatory mode have crept in.

In the latter half of the 2010s, the remaking of EU trade policy-making was challenged by greater societal opposition to trade negotiations. European Union trade policy-making also faced other profound internal and external challenges: multilateral trade negotiations were moribund, the UK's departure from the EU had the potential to alter the aims of EU trade policy and its ability to realize them, and the Trump

administrations aggressively undermined trade policies championed both the EU and the multilateral trading system. At the same time, the implications of the UK's desire for an independent trade policy were central to the most vexed issue in the Brexit process.

This chapter begins by examining the importance of trade policy to the EU. It then analyses how EU trade policy is made, before setting out how it has evolved over time. The chapter then considers the internal and external challenges EU trade policy faces and how it has responded to them. The final substantive section explores how trade policy has affected the Brexit process.

The importance of trade policy to the EU

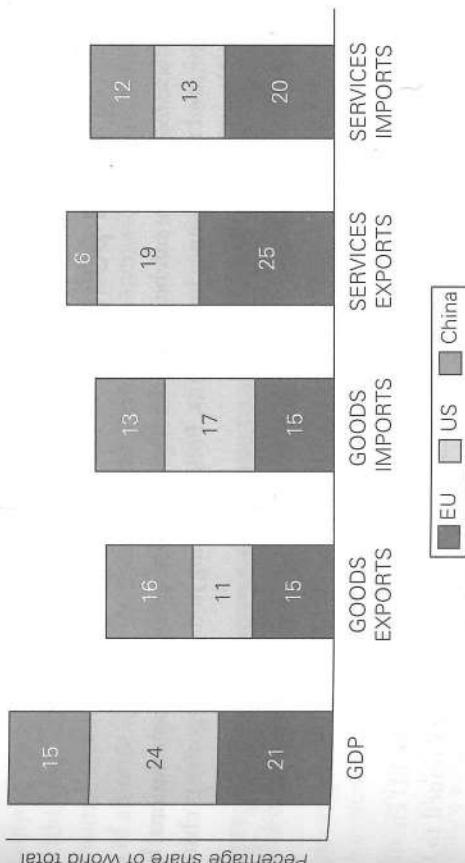
Trade was one of the earliest policy areas to be integrated in the European Union. It is also the external policy in which policy-making is both highly centralized and supranational. Trade policy is also centrally important to how the EU interacts with the rest of the world; both regulating how globalization affects the EU and providing a potent power resource for pursuing EU interests in the world.

instruments, it was silent on others, leaving open the question of precisely where the boundary between EU and member-state authority lay. The explicitly included instruments reflected the main preoccupations of the time—tariffs and quotas—but meant that the policy did not include many issues that later became the subject of trade negotiations, including services, investment, and intellectual property rights (Young 2002). A common external trade regime required a framework for agreeing common positions with regard to other countries: the common commercial policy (CCP). The CCP delegated the conduct of trade policy—including negotiating trade agreements—to the European Commission. From the outset, the Council of Ministers has authorized the Commission to negotiate; has given it negotiating ‘directives’; and, by qualified majority, has ratified concluded agreements. The Maastricht and Lisbon Treaties gave the EP an increasingly important say. Thus, trade policy has had a supranational design from the start (Lindberg and Scheingold 1970: 14; Moravcsik 1998: 153–6). Trade policy, therefore, is important to what the EU is.

EU as power in and through trade

Trade policy is also central to what the EU does. The EU is one of the world's three most important economies (see Figure 16.1). In 2017, it was the world's second largest market and the second largest exporter and importer of goods and the leading exporter and importer of commercial services. Because of the size of its market and its share of world imports, EU trade policies—tariff levels, use of export subsidies, imposition of anti-dumping measures, and regulatory barriers to trade—have significant implications for the producers and service providers of other countries. What the Union decides has major implications for toy manufacturers in China, farmers in California,

**FIGURE 16.1** The EU in the global economy (2017)



Note: Trade excludes intra-EU trade.  
Sources: GDP: Own calculation based on World Bank, [data.worldbank.org](http://data.worldbank.org)

and computer software firms in India. The size of its economic footprint means that the EU truly matters in international trade (McGuire and Lindeque 2010: 1329).

By setting the conditions of access to its market, trade policy is crucial to discussions of the EU as a global actor. The size of the EU's market is seen as a crucial power resource (Bretherton and Vogler 2006; Hill and Smith 2005: 4). Granting or denying access to a market as large as that of the EU can be a powerful source of influence (Hirschman 1980). The EU has used trade policy to foster political relations with foreign governments, to promote development, to encourage the rule of law and respect for human rights, and to foster the implementation of multilateral environmental agreements and labour standards (see Chapter 18). Occasionally, the EU uses trade policy as a form of humanitarian assistance, such as temporarily liberalizing clothing and textile imports from Pakistan in the wake of devastating floods in the summer of 2010. Trade policy also played a role in the imposition of sanctions on Russia in response to its aggression in Ukraine and on Iran over its nuclear weapons programme prior to the 2015 Iran nuclear agreement.

The Commission contends that '[e]ffective trade policy is critical . . . in projecting EU values and interests in the world' (Commission 2012a: 2). Sophie Meunier and Kalypso Nicolaïdis (2006: 906, 907) argue that trade is at the 'very core' of the EU's potential or actual power and that it uses its 'power through trade' to promote European values and principles. It is the Union's formidable economic power that is at the centre of the characterization of the EU as a 'civilian' or 'normative power' (Duchêne 1973: 19–20; Manners 2002: 240). Shifting the emphasis somewhat, a number of scholars have stressed that it is with respect to trade policy that the EU is most clearly a global actor (Dür and Zimmerman 2007: 771; M. Smith 2007: 528). This observation prompted Chad Damro (2012) to conceptualize the EU as 'market power Europe'. Trade policy, therefore, is central to understandings of the EU's role as a global actor, even if those understandings tend to overstate the EU's ambitions and influence (Young and Peterson 2014: 207).

The EU's trade policy can be grouped into three broad categories: negotiations, legislation, and trade defence instruments. Policy-making in these categories is characterized by different policy modes.

issues—including services, investment, and intellectual property rights—which the Court of Justice of the European Union (CJEU) tended to resolve in favour of the EU (Young 2002: 32–5). Beginning hesitantly with the 1997 Treaty of Amsterdam and more seriously with the 2001 Treaty of Nice and 2007 Treaty of Lisbon, the member states agreed to extend the scope of EU competence to the extent that Stephen Woolcock (2015: 390) concluded that EU competence was 'comprehensive'.

EU competence is almost comprehensive. In its Opinion 2/15 on the allocation

of competence in the EU's trade agreement with Singapore—again settling a difference of opinion between the Commission and some member states—the CJEU (2017) ruled that the provisions of the agreement relating to investment protections for either portfolio or direct investment, notably investor-state dispute settlement (a system of resolving disagreements between foreign direct investors and governments, including the member states), fell outside the scope of the EU's exclusive competence. These exceptions have potentially significant political implications for agreements that include them, because they effectively change the decision rule for ratifying the agreement (see later in the chapter).

The second delegation in EU trade negotiations, which occurs at the EU level, is the principal focus of many analyses of EU trade policy-making. The delegation is formally from the Council to the Commission, with the Commission conducting trade negotiations on behalf of the EU. Negotiations are specifically carried out by the Directorate-General for Trade (DG TRADE), overseen by the Commissioner for Trade. The Council authorizes the Commission to launch a trade negotiation and must approve the Commission's proposed negotiating mandate (see Box 16.1). The Commission's conduct of negotiations is supervised by member-state trade officials in the Trade Policy Committee (TPC) and in ad hoc, issue-specific committees if necessary. The Council also must approve (ratify) any agreements the Commission concludes, usually by a qualified majority vote (QMV).

The Parliament's role in trade negotiations has increased over time and it too must now ratify all trade agreements concluded by the Commission. The 1992 Treaty of Maastricht (Art. 228) gave the EP a say in particularly significant multilateral trade agreements.<sup>2</sup> The 2007 Treaty of Lisbon extended the EP's role to include the ratification of all trade agreements. Reflecting the Parliament's increased role in ratification, it has considerably increased its oversight of the conduct of trade negotiations,

## Trade negotiations: the Community method with elements of the regulatory mode

As noted in the discussion of the origins of the CCP, trade policy in the EU entails a double delegation: from the member states to the EU, and from the Council to the Commission. I will discuss each of those delegations in turn.

The extent of the EU's exclusive competence (authority) gradually expanded

### BOX 16.1 Commission and Council tensions over investment

In response to the CJEU's ruling that some investment provisions fall outside the Union's exclusive competence, the Commission (2017c: 6) proposed that new trade agreements—including those with Australia and New Zealand—not include investment provisions. Rather, they should be negotiated separately. Excluding investment provisions would mean that future trade agreements would fall entirely within the EU's exclusive competence, which would streamline the ratification process. The Council (2018), however, asserted that it will decide what should be covered in a trade agree-

particularly through the Committee on International Trade (INTA) (Roederer-Rynning 2017). The greater involvement of the Parliament in EU trade negotiations is seen as increasing the legitimacy of the policy process (Woolcock 2015).

Given the Council's central role in authorizing and approving trade negotiations, a great deal of attention has been paid to the trade policy preferences of the EU's member states. The member states' governments are considered to have broadly consistent trade policy preferences (Milner and Judkins 2004: 110). They are often grouped into the liberal 'north'—including Denmark, Estonia, Finland, Germany, Ireland, the Netherlands, Sweden, and, until Brexit, the United Kingdom—and the protectionist 'south'—such as France, Italy, Poland, Portugal, and Spain (Woolcock 2010: 391). There is, thus, a rough balance between the supposedly liberal and protectionist camps, which means the positions of 'swing states' are often the key to determining specific negotiating positions (Baldwin 2006: 931). In addition, the member states often diverge from their general liberal or protectionist trade-policy tendencies when that position is at odds with the preferences of strong economic interests; thus Irish governments tend to be more protectionist with respect to agriculture than other issues and French ones more liberal when discussing services (Baldwin 2006: 931; Woolcock 2010: 391).

Until recently, analyses of EU trade policy (and of trade policy in general) tended to focus on only the trade-policy preferences of firms and, to a lesser extent, their workers (Dür 2010; Lake 2009: 231; Milner 2012: 724). In trade negotiations, export-oriented firms advocate liberalizing imports in exchange for greater foreign market access. They are supported by retailers that sell imported products and by firms that use imported inputs in their production due to their participation in global value chains. Such liberalization is opposed by import-competing firms. Both sides lobby their national governments, the Commission, and the Parliament individually, through national associations, and/or through EU-level associations ('Eurogroups'). The contours of the EU's negotiating positions reflect how these competing interests are aggregated.

Until recently, the trade-policy preferences of citizens did not have much bearing on trade negotiations. The effects of most trade policies on consumers are typically too small or difficult to notice for it to be worth their trying to influence policy (De Bièvre 2014: 225; Mansfield and Milner 2015: 59). The recent politicization of trade policy (see later in the chapter) has changed that, with much more attention being paid to the preferences of civil society organizations and voters (De Ville and Siles-Brügge 2015; Young 2017). In the EU context, in particular, there has been considerable attention to the role of civil society organizations in shaping public opinion about trade policy by presenting ('framing') it in a way that resonates with people's more general concerns (Dür and Mateo 2014; Jungherr *et al.* 2018; Siles-Brügge 2017). Trade policy-making, therefore, has become more complicated in the EU.

Robert Putnam's (1988) metaphor of the 'two-level game' is the most common means of capturing the interaction between domestic and international politics (see also Moravcsik 1993). In the two-level game, agreements must be reached at

'government' (COG), who both heads the government and is the ultimate negotiator, and by the process for ratifying agreements. A key insight from the two-level game metaphor is that the COG has latitude to pursue his or her preferences within the confines of what is domestically acceptable. The higher the threshold for ratification, the fewer possible outcomes will be domestically acceptable, so agreement will be harder to reach, and the COG will enjoy less latitude.

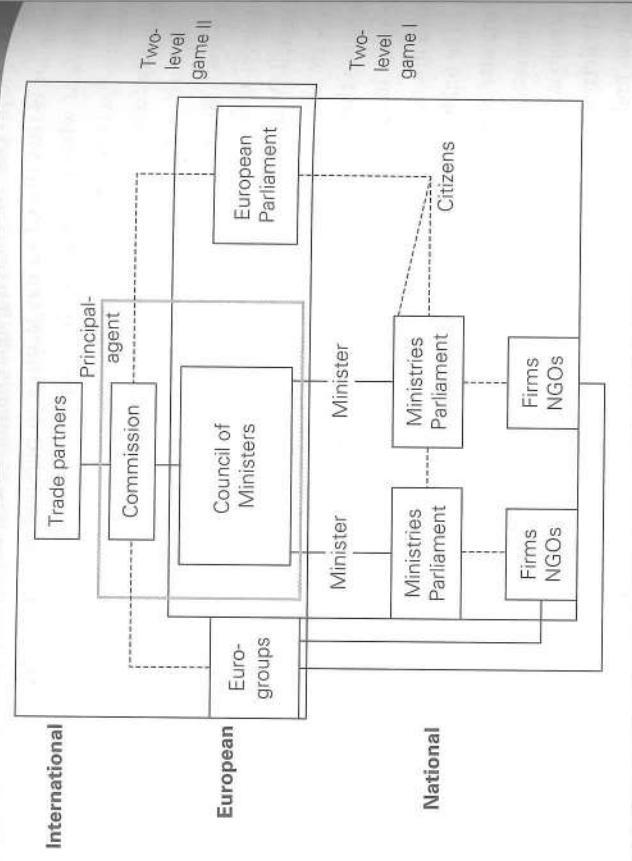
Because of the double delegation of trade policy in the EU, there are in effect two two-level 'games': (1) member-state societies and EU-level agreement and (2) the EU level and its trade partner(s). These two games are linked at the EU level by the Council (Young and Peterson 2014). In the first game, the member-state representatives are the COGs, negotiating in Brussels about the shape of EU trade policy on behalf of their national constituencies. In the second game, the member states (collectively in the Council) are the 'domestic' level with the Commission, serving as the COG in negotiations with the EU's trade partners.

The analysis of EU trade policy has tended to concentrate on this second game. Particular attention has been paid to the relationship between the Council and the Commission, which negotiates on the Council's behalf. The Council-Commission relationship is often conceptualized as a principal-agent relationship (Dür and Elsig 2011: 324; Kerremans 2011: 136–7; Reichert and Jungblut 2007: 396–7). Principal-agent analysis highlights that the agent (the Commission) and the principal (the Council) do not have the same trade-policy preferences. Notably, the Commission tends to favour a more liberal trade policy than most of the member states (Aggarwal and Fogarty 2004: 226; Ahnlid 2005: 135; Meunier 2005: 58).<sup>3</sup> Principal-agent analysis, therefore, draws attention to the mechanisms through which the Council seeks to control the Commission, without expending so much effort that it might as well negotiate the agreements itself (see Chapter 2). The Council uses three primary mechanisms for controlling the Commission: approving the negotiating directive, monitoring the negotiations, and ratifying any agreement. The EU's conduct of trade negotiations, therefore, can be thought of as two two-level games linked at the EU level by a principal-agent relationship (Young and Peterson 2014; and see Figure 16.2).

Significantly, EU trade agreements are subject to a high decision threshold. Decisions taken under the CCP are formally taken by QMV. The Council, however, operates largely on the basis of consensus (Meunier 2005: 56–7; Woolcock 2010: 392). This preference for consensus is underpinned by the practice of 'diffuse reciprocity' (Keohane 1986: 21). Governments do not object to others' trade policy concerns unless they have very strong countervailing interests (Ahnlid 2005: 137; Winters 2001: 21), because in the future they might be the government seeking protection for a particularly sensitive industry.

Moreover, although the Treaty of Lisbon extended the scope of the CCP, agreements affecting some aspects of trade policy—audio-visual, health, and education services—must be ratified by a unanimous vote in the Council (Woolcock 2010: 385). In addition, as the CJEU's Opinion 2/15 clarified, any agreements affecting portfolio investment or investor-state dispute settlement must also be ratified in the same way.

**FIGURE 16.2** Linked two-level games



Because the European Parliament does not authorize EU trade negotiations, it is not formally a principal in the principal-agent relationship. Nonetheless, it has emerged as a pivotal player in EU trade negotiations due to its role in ratifying trade agreements. The EP, therefore, is a player in both the intra-EU and EU-external games. The members of the European Parliament (MEPs) represent their constituents' interests in trying to shape the EU's negotiating objectives. As negotiations are conducted in the shadow of ratification—negotiators do not want to conclude an agreement that will not be ratified—the MEPs can inform the EU's negotiating position, such as by adopting resolutions that outline what they would like (and not like) to see in a particular trade agreement. Through the INTA Committee's monitoring, MEPs can seek to keep the Commission on track. The EP, along with the Council, thus forms the 'domestic' level for the EU's negotiations with trade partners.

The negotiation of trade agreements, therefore, began as a classic example of the Community method in that it was driven by the interaction between the Council and the Commission. The Commission-Council relationship remains central, but over time trade negotiations have acquired some features of the regulatory mode, as the Parliament has become more important.

### Trade legislation: the regulatory mode to the fore

The Treaty of Lisbon gave the EP co-decision powers with the Council regarding

enter the EU (see Chapter 18), how anti-dumping decisions are made (see below), and the 2019 regulation that established a framework for the screening of foreign direct investments into the Union.<sup>4</sup> This type of policy is made in line with the regulatory policy mode: the Commission proposes legislation and the Council and Parliament are co-legislators.

Because these policies are unilateral, export-oriented firms rarely mobilize, meaning that import-competing interests face less of a societal counterweight. This does not necessarily mean that protectionist interests are able to block liberalization. Firms that rely on imports may mobilize in support of unilateral liberalization, and other considerations—such as the aim of helping developing countries—factor into decision-making as well (Young and Peterson 2014: 193).

### Commercial instruments: still the Community method

EU policy-making in response to unfair trade policies of its partners is very different from the practices described above. The EU's instruments for combating unfair trade practices include anti-dumping, anti-subsidy, and safeguard measures. All three types of measure are permitted under and governed by World Trade Organization (WTO) rules. Anti-dumping duties are imposed on imports that are deemed to be sold at below a fair market price (dumped). Anti-subsidy measures (sometimes called 'countervailing' duties) are used to offset the advantage that imports gain from being illegally subsidized by their home government. Safeguard measures are tariffs that can be imposed in response to a sudden surge in imports of a particular product. Recourse to all three measures arguably makes it easier for governments to agree to trade liberalization because they are able to temporarily adopt protection in response to a politically painful increase in imports (Destler 2005: 162; Hoekman and Kostecki 2001: 303).

The EU makes much greater use of anti-dumping measures than either of the other two types of commercial instrument (Commission 2018b). Nonetheless, one of the Union's most internally controversial uses of trade defence measures involved the imposition of safeguard restrictions on imports of Chinese textiles in 2005 (dubbed the 'Bra Wars') (Heron 2007). Further, foreign subsidies have received greater attention in the EU as Chinese firms, many of which are state-owned, have moved up the value chain, and as many other governments have sought to prop up companies during the Covid-19-induced economic collapse. In response, in June 2020, the Commission (2020) began the process of developing new tools to address the unfair advantage subsidies give foreign firms in acquiring EU companies or bidding for public procurement contracts. In addition, the inclusion of a safeguard provision in the 2006 EU-South Korea Free Trade Agreement was critical to securing ratification by the Council and European Parliament (European Parliament 2011). As anti-dumping is the most commonly used trade defence instrument, the focus here is on that.

<sup>4</sup>Anti-dumping policy is distinctive among the EU's trade policies in five ways

delegation to the Commission. The Commission is able to impose provisional duties on its own initiative, after consulting the Anti-Dumping Committee (ADC), which is made up of member-state officials. The imposition of definitive duties, however, requires the approval of the member states. Thirdly, voting is common, although there is usually a high degree of support for the imposition of duties (Young and Peterson 2014: 119–20). Moreover, in successive reforms, the member states have made it easier to impose definitive duties (Young and Peterson 2014: 118). In 2011, in line with the Lisbon Treaty's modifications to comitology (see Chapter 4), the decision rule was changed so that a qualified majority of member states is required to block the imposition of definitive duties. This decision rule reinforces the Commission's autonomy. Fourthly, while the Lisbon Treaty gave the Parliament a say in making overall anti-dumping policy, it is not involved in individual anti-dumping decisions. Fifthly, anti-dumping policy is highly procedural. The Commission investigates complaints of dumping from European industries according to procedures set out in the 'Basic Regulation' (Council Regulation 459/68),<sup>5</sup> which has been modified over time to closely reflect multilateral trade rules (Kempson 2001: 90; Wenig 2005: 790). This procedural character of anti-dumping policy means that the EU's decisions to impose duties on imported goods are frequently challenged before the courts by the affected exporters and EU industries that benefit from cheap imports. The active engagement of the courts and the low decision threshold aside, EU anti-dumping policy still resembles the Community method.

## The evolution of EU trade policy

When the common commercial policy was created, there was considerable debate about its orientation, which itself was a component of the founding compromise. The Treaty of Rome (Art. 110) stated: 'By establishing a customs union between themselves Member States aim to contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on trade and the lowering of customs barriers.' To a significant extent, it reflected the economic policy ethos of the 1950s, which emphasized trade liberalization, while preserving governments' capacity to pursue domestic economic policy choices (Ruggie 1982). The French government, however, insisted on the inclusion in the CCP of trade-defence instruments (Moravcsik 1998). Thus, the Treaty of Rome reflected a broadly liberal approach to international trade, but not liberalization at any cost. This broadly liberal trade policy orientation persisted into the late 1960s, during the formative years of the CCP (Pearce and Sutton 1985: 1; Wolf 1983: 158).

By the late 1960s and early 1970s, however, western European trade policy drifted towards protectionism (Hine 1985: 4, 8; Pearce and Sutton 1985: 1). Slow economic growth, high inflation, and high unemployment prompted western European governments to intervene more in their economies. Accordingly their trade policies became more defensive, most notably in the proliferation of anti-dumping duties and

as a protectionist and unconstructive member of the multilateral trading system (Hine 1985: 256; Wolf 1983: 163).

By the late 1980s, however, the EU's trade policy began to become more liberal (De Ville and Orbis 2011: 2; Dür and Elsig 2011: 326; Woolcock 2005: 381). In part, greater support for trade liberalization was a product of the acceptance of neo-liberal economic ideas by member-state governments and the Commission (Baldwin 2006: 940; Johnson 1998; Woolcock 2003: 31). The single market (see Chapter 5) helped to solidify the EU's commitment to greater liberalization. The resulting increased competition within the EU helped to make European firms more competitive (Notaro 2011: 20), which in turn contributed to them becoming more interested in securing foreign market access rather than preserving protection (Ahlnid 2005: 134; Baldwin 2006: 934; Dür 2008; Woolcock 2005).

Support for liberalization was also augmented by enlargement. The 1995 enlargement, in particular, strengthened the more liberal coalition within the Council (Baldwin 2006: 931; Johnson 1998). Finland and (especially) Sweden reinforced the liberal end of the trade-policy spectrum, while Austria joined the 'swing states'. The 2004/07 enlargements did not reverse this shift, as they brought roughly equal numbers of more liberal and more protectionist member states into the EU (Baldwin 2006: 931; Elsig 2010: 794).

By the mid-1990s, the EU emerged as the strongest champion of the multilateral trading system and vigorously promoted the launch of an ambitious 'millennium' round of WTO negotiations to be launched at the ministerial meeting in Seattle in December 1999. Although it has tempered its ambitions to extend the coverage of multilateral rules (Commission 2017a: 13), the EU remains a (if not the) leading champion of the rules-based multilateral trading system (Baldwin, 2006: 933; European Council 2018: 1).

In addition, the Commission makes the case that domestic liberalization is desirable as a means of promoting productivity and jobs, not simply as something to be traded for access to other markets (Commission 2010a: 2 and 4; 2015c: 4). Governments rarely make this case. Moreover, the Commission stuck to its guns during the global financial crisis and in the face of the politicization of trade policy (Siles-Brügge 2014a; Young 2019). Early indications are that the Covid-19-induced economic collapse has not prompted the Commission to change its positive view of imports in general, although there is now greater concern about the EU economy's resilience; not being overly dependent on imports from one or a few suppliers (Commission 2020g). The EU thus remains committed to a liberal multilateral trade order. That objective, however, faces multiple challenges.

## European trade policy in turbulent times

From the mid-2010s, EU trade policy confronted a number of major challenges. The most notable were: the stalling of multilateral trade negotiations, the increased

leave the EU. This section introduces these challenges and discusses how the EU has responded to them.

### Stalled Doha Round, and an emphasis on bilateral agreements

The EU's advocacy of ambitious multilateral trade negotiations has not fared well. The EU went into the 1999 Seattle ministerial meeting seeking negotiations on the so-called 'Singapore issues'—competition policy, investment, public procurement, and trade facilitation—and on environmental protection and core labour standards. Developing countries, deeply dissatisfied with the costs of implementing their Uruguay Round commitments and the slow pace at which developed countries were implementing their own commitments (particularly in agriculture and textiles) (Hoekman and Kostecki 2001; Narlikar 2004), however, refused to launch a comprehensive round of talks. This was a major setback for the EU (Baldwin 2006).

A new round of negotiations (the Doha Round) was eventually launched in 2001, but several of the EU's objectives were sidelined from the start, and others gradually fell by the wayside in the face of sustained opposition from developing countries (Young and Peterson 2014). By the middle of 2004, the EU had abandoned all of the distinctive elements of its negotiating agenda, save for trade facilitation, although plurilateral negotiations on public procurement resulted in an enhanced Government Procurement Agreement in December 2011. The Doha Round, therefore, became a rather traditional trade negotiation focused on increasing market access, rather than establishing rules for global trade.

The EU and the US wanted better access to the markets of the large emerging economies—particularly Brazil, China, and India—for their industrial goods. While developing countries differed on the concessions they sought, they were largely united in refusing to grant better access to their markets for industrial goods. The Commission's efforts to advance the negotiations by making a series of increasingly substantial offers on agriculture on the back of agreed CAP reforms (see Chapter 8), provoked opposition from several EU member states, but did little to entice the emerging economies, other than Brazil, to make concessions (Young and Peterson 2014).

The negotiations founded in July 2008, ostensibly over a dispute between the US and India over the right of developing countries to be able to increase agricultural tariffs if imports increased sharply. The EU found itself in the 'unusual position of being on the edge of a Doha argument rather than in the middle' (Ahnlid 2012: 82; Mandelson 2008: 28 July). In December 2011, WTO Director-General Pascal Lamy (2011) conceded that, ten years after its launch, the Doha Round was at an 'impasse'. With the Doha Round stalled, the EU has stepped up its efforts to conclude bilateral trade agreements. This initiative built on the Commission's 2006 Global Europe trade strategy, which put new emphasis on securing market access through bilateral agreements (Commission 2006b: 8; Meunier 2007: 920). The Commission (2007a: 3) presented this shift as a necessary policy correction in response to demands from EU firms. The focus on economically significant markets represented

states or with countries of the EU's 'neighbourhood' (see Chapters 18 and 19). These 'new generation' trade agreements also put greater emphasis on addressing regulatory barriers to trade, although the extent to which the EU has sought to export its regulations through these agreements has been overstated (Young 2015).

Since the launch of the Global Europe strategy, the EU had concluded seven negotiations, with five of those agreements at least provisionally in force as of the middle of 2020 (see Table 16.1). Of those agreements, the most economically significant

TABLE 16.1 The EU's 'new generation' trade agreements

Partner	Launched	State of play as of mid-2020
South Korea	2007	Ratified December 2015
Japan	2012	In force since February 2019
Singapore	2010	In force since November 2019
Vietnam	2012	In force since August 2020
Canada	2009	Provisionally applied since September 2017*
Mercosur**	1999 resumed 2016	Political agreement June 2019
Mexico	2016	Political agreements April 2018 (trade) and April 2020 (public procurement)
Philippines	2015	Ongoing
Indonesia	2016	Ongoing
Chile	2017	Ongoing
Australia	2018	Ongoing
New Zealand	2018	Ongoing
UK	2020	Ongoing
US	2013	Stopped since December 2016***
Myanmar/Burma	2014	Negotiations halted in 2017
Thailand	2013	On hold since April 2014
India	2007	De facto standstill since mid-2013
Malaysia	2010	Suspended since April 2012

Notes:

\* Elements falling under the EU's exclusive competence can be provisionally applied pending the ratification of the agreement by member states.

\*\* The Southern Common Market composed of Argentina, Brazil, Paraguay, Uruguay, and Venezuela (currently suspended).

\*\*\* Negotiations on a limited agreement began in 2019 (see later).

<sup>31b</sup> with Canada, Japan, and South Korea. Negotiations with seven other partners, including the UK and the US (albeit on a limited agreement) were underway in the middle of 2020. The EU's most ambitious trade negotiation—the Transatlantic Trade and Investment Partnership (TTIP) with the US—stopped after the election of Donald Trump in November 2016. The EU, therefore, has aggressively pursued liberalization through bilateral means while its preferred, multilateral route is closed off.

### Politicization of trade policy

Starting in 2014, however, the (relatively) calm waters of the EU's trade policy were jolted by widespread popular opposition to the EU's trade negotiations with the US and Canada and by the rise of populism in Europe. Between 7 October 2014 and 6 October 2015, more than 3 million people signed an informal citizens' initiative against TTIP and the then nearly completed Comprehensive Economic and Trade Agreement (CETA) with Canada (Young 2017: 75). A Global Day of Action against Agreements in April 2015 spawned hundreds of demonstrations across the EU (Young 2017: 76). This level of public engagement with and opposition to trade policy in Europe was unprecedented.

The Commission responded to this public opposition by increasing the transparency of how it conducts negotiations (see Box 16.2). It also proposed replacing the private arbitration of disputes between investors and governments (investor-state dispute settlement (ISDS)), which had become a lightning rod for popular opposition, with a governmental investment court (Commission 2015a). These developments were sufficient to win over enough social democratic politicians in the European and German government to secure the ratification of CETA at the EU level, but not

the civil society organizations opposed to the agreement (Gheyle and De Ville 2017; Siles-Brügge 2017).

In addition, because CETA was treated as an agreement falling within member states' competence (the CJEU case leading to Opinion 2/15 was ongoing at the time) and because, under the Belgian constitution, the country's sub-national parliaments must support ratification of trade agreements, several of Belgium's regional parliaments, most notably that of Wallonia, were able to delay the signing of CETA in the autumn of 2016 until their concerns, which largely reflected those of the popular opposition, were assuaged (Young 2017). The Commission proposed restricting future trade agreements to only those issues that fall within the EU's exclusive competence in order to avoid a repeat of this situation.

The EU's trade policy gained even greater political significance as the UK's June 2016 vote to leave the EU, Donald Trump's subsequent election as president in the US, and Marine Le Pen's strong showing in the 2017 French presidential elections prompted concerns about the rise of populism and of globalization's contribution to it (Commission 2017b: 2). In the wake of these developments, the Commission (2017b: 2) observed that the 'environment in which the EU conducts trade policy has changed considerably'.

The Commission, however, may have overstated the extent to which EU trade policy had become politicized. Public opposition to TTIP was far greater than to any of the other trade agreements that the EU negotiated at about the same time. CETA attracted opposition only after the TTIP negotiations were launched and CETA was linked to them by the agreements' opponents (Hübner, Deman, and Balik 2017). The EU-Japan negotiations went almost entirely unnoticed by civil society organizations, parliamentarians, and the general public (Suzuki 2017). The EU-Vietnam and EU-Singapore agreements flew completely under the radar. The EU-Korea agreement attracted narrow, familiar opposition from the car industry (Park 2017). Member-state parliaments paid much more attention to TTIP than to any of the other trade agreements the EU pursued contemporaneously (Roederer-Rynning and Kallestrup 2017). Public attention and opposition to TTIP, therefore, was very much the outlier, with CETA caught up in the furore.

TTIP was distinctive in several ways. First, it was the most ambitious of the negotiations, including extensive regulatory cooperation and ISDS, which raised fears that the agreement would cause environmental and public health regulations to be rolled back (De Ville and Siles-Brügge 2017; Young 2017). Secondly, it involved a negotiating partner of comparable strength, which increased the likelihood that the EU might make concessions (Eliasson and Garcia-Duran 2017). Thirdly, the negotiations were with the US, which provoked particularly strong negative emotions in at least some member states due to anti-American sentiments (Jedinger and Schoen 2017; Jungherr et al. 2018: 237). Fourthly, the negotiations were the subject of a vigorous civil society campaign that stressed the threat to domestic rules (Bauer 2016; Siles-Brügge 2017; Strange 2015). These are reinforcing rather than rival explanations, which only serves to emphasize the distinctiveness of the TTIP negotiations.

### BOX 16.2 Greater transparency in trade negotiations

In addition to increasing consultations with the Parliament, the Commission (2015c: 13) announced that it would:

- publish its recommendations for negotiating directives for trade agreements;
- invite the Council to disclose all negotiating directives immediately after their adoption;
- extend the TTIP practice of publishing EU texts online for all trade and investment negotiations during the negotiations; and
- after finalizing negotiations, publish the text of the agreement immediately without waiting for the legal revision to be completed.

The Council (2015: 7), however, has been more qualified in its support for increased transparency, stating that improving the involvement of 'all stakeholders in the preparation, negotiation and implementation' of trade policy 'should respect the existing institutional balance and applicable rules regarding classified information, and not

### BOX 16.3 America First undermining the WTO

The EU is particularly committed to the WTO as a means of resolving trade disputes because the WTO represents the rule of law rather than power, and because the EU would struggle to agree to take action to enforce trade commitments without the legitimating role of the WTO's adjudicative process. Under the WTO's dispute settlement mechanism (DSM), WTO members can challenge whether another member's practices conform to its WTO commitments. These complaints are heard by an independent panel, and the panel's ruling can be appealed by either party to a standing Appellate Body (AB). The Trump administration's policies pose two challenges to the WTO.

The first challenge is that the Trump administration has returned to the US's pre-WTO practice of determining whether a trade partner is not living up to its commitments and unilaterally imposing tariffs until the practice ends (Cimino-Isaacs *et al.* 2019: 30–1). Curbing this behaviour was a major reason why the EU supported including a robust dispute settlement system in the WTO (Woolcock and Hodges 1996: 308).

The second challenge is that, beginning in mid-2017, the US blocked the appointment of AB judges. It did so because it is unhappy with some of the procedural practices of the AB, and because it considers that the AB has created new obligations for WTO members rather than interpreting the commitments they made (Elsig, Pollack, and Shaffer 2017). As a result, by the end of 2019, there was only one AB judge, bringing a halt to new appeals, which require three judges. In April 2020, the EU and 15 other WTO members created an interim mechanism for appeals amongst themselves while the AB remains paralysed by the US embargo.

among other countries, on the grounds that they threatened US national security (under Section 232 of the Trade Expansion Act of 1962). The tariffs affected €6.4 billion in EU exports, particularly steel. Invoking a national security justification in theory allows the policy to shelter under an exemption to WTO rules, which govern the transatlantic trading relationship in the absence of TTIP.

The EU rejected the contention that its steel exports constitute a threat to US national security and argued that the US tariffs were actually a safeguard measure 'in disguise' (Malmström 2018). Safeguard measures, which are intended to protect against a sudden surge in imports, are permitted under WTO rules, subject to procedural requirements. WTO members facing safeguard measures may respond by adopting retaliatory measures of their own without having to wait for authorization under the WTO's dispute settlement mechanism, as is the case with all other types of dispute. On 20 June 2018, the EU imposed 'rebalancing' tariffs on €2.3 billion of US goods, with more to come into effect after three years or after a WTO ruling favourable to the EU (Commission 2018a). This move entailed the EU taking the interpretation of WTO law into its own hands. Each party filed a WTO complaint against the other's actions.

In February 2019, the US concluded that imports of cars and car parts from the EU (and elsewhere) also threatened US national security under Section 232. While the steel and aluminium tariffs are an irritation for the EU, cars and car parts are

cultural changes, or by economic insecurity, or by a combination of the two (Colantonio and Stamig 2018; Feitzer 2018; Ingelhart and Norris 2017: 447; Pappas and Kriesi 2016). Of those that identify economic insecurity as a cause for increased support for populist parties, only some point to trade as a cause (Colantonio and Stamig 2018). Others emphasize the role of austerity measures, the residual effects of the global financial crisis, or rising inequality (Feitzer 2018; Pappas and Kriesi 2016: 323–4; Ingelhart and Norris 2017).

Whatever the ills associated with globalization, they have not led to a general politicization of EU trade policy. Trade policy was the least contested policy area in the Council between 2009 and 2018 (see Figure 4.5). Support for protectionism has not figured prominently in the campaigns of European populist parties, with the exception of the National Front (now the National Rally) in the 2017 French presidential election (Young 2019). The Leave campaign in the UK actually argued that leaving the EU would enable the UK to pursue a *more liberal* trade policy.<sup>6</sup> The lack of emphasis on protectionism in populist parties' campaigns is particularly striking, as these are the parties that would be most likely to capitalize on such an anti-elitist message if they thought it would resonate. Rather, identity and immigration have loomed larger than trade policy in the campaigns of populist parties on the right, as has austerity for those on the left (Goodhart 2017: 51–2; Muddie and Kaltwasser 2017: 34–7).

A flurry of strategy documents during 2015–17 laid out the Commission's proposed response to this apparently new, more hostile environment: its 'balanced and progressive' trade strategy.<sup>7</sup> The new strategy, however, reflects a high degree of continuity with the previous—2010—trade strategy or the practices developed during the TTIP negotiations, particularly increased transparency (Young 2019). Given that the apparent politicization of trade policy may be ephemeral, such continuity may represent a sufficient response, although it falls far short of what the sharpest critics of EU trade policy demand (Gheyte and De Ville 2017: 23).

### The transatlantic challenge

The Trump administration's 'America First' trade policy has been both more protectionist and more unilateral than conventional US trade policy (Irwin 2017). It brought the TTIP negotiations to a halt, although they were not formally abandoned. It also saw the US withdraw from the Trans-Pacific Partnership (TPP); threaten to withdraw from its agreement with South Korea and from the North America Free Trade Agreement (NAFTA) unless they were renegotiated (which they were); and impose tariffs on steel and aluminium, as well as on a wide range of products from China. This new American trade policy challenges EU trade policy, but also creates an opportunity.

### Bilateral confrontation

With the advent of the 'America First' trade policy, the transatlantic relationship became far more fractious, and the US undermined the WTO (see Box 16.3). On 1 June

adopting tariffs until mid-November 2019 while the two parties tried to negotiate a solution. That deadline passed without a decision to impose tariffs.

In an effort to contain transatlantic trade tensions, in July 2018 President Trump and Commission President Jean-Claude Juncker agreed that the US and EU would begin negotiations on eliminating industrial tariffs (except in cars) and on mutual acceptance of conformity assessments, each accepting the exporter's certification that a product conforms with the importer's rules.<sup>8</sup> These negotiations were launched shortly after the Commission's initial insistence that the EU would not be coerced into talks by US tariffs and despite opposition from the French government and the European Parliament (Schreuer 2019).

The ambition of these talks was far more modest than that of the TTIP negotiations. Nonetheless, there were big gaps between the two sides' negotiating objectives, most notably the US's insistence on including agriculture in the talks and the EU's refusal to do so (Von Der Burchard and Behsudi 2019). The Council's (2019) negotiating directives to the Commission stipulate that an agreement cannot be concluded while the steel and aluminium tariffs are in place and that talks would be suspended if the US imposed Section 232 tariffs on additional EU products. The EU, therefore, has struggled to respond to the US's more aggressive trade policy.

#### An opportunity: a one-sided competition?

While the Trump administration's 'America First' trade policy poses a number of challenges for the EU, it may also create an opportunity for EU trade policy. With the Doha Round stalled and the US not in the game, the EU may have become an even more attractive partner for countries seeking to expand their exports (EPRS 2017: 6; Malmström 2017: 2). Recognizing this possibility, European Council President Donald Tusk (2017: 2) urged the EU to 'use the change in the trade strategy of the US to the EU's advantage by intensifying our talks with interested partners, while defending our interests at the same time'.

There are indications that the Japanese government, for one, became keener to conclude its negotiations with the EU after the US withdrew from the TPP (Rao and Ewing 2017), although it is not clear what, if any, impact this had on the substance of the agreement. Thus the 'America First' trade policy may have also created opportunities for the EU to exploit.

#### The implications of Brexit for EU trade policy

Brexit has the potential to affect both the EU's trade-policy preferences and its negotiating leverage; what positions the EU pursues and its ability to realize them. Brexit removed one of the EU's more committed free-traders (Faull 2017). That change, however, is unlikely to be very consequential. Trade negotiations are about liberalizing trade, which means that the default condition—the status quo—is more protectionist than an agreement. Given the EU's decision rules and the tendency towards consensus, the more protectionist member states—those happier with the status quo—shape the EU's negotiating position more than the more liberal member

state EU trade policy more protectionist, as the liberal coalition will be weakened. Though, as noted earlier, even with the UK as a member, the EU repeatedly revised the EU's anti-dumping rules to make it easier to impose duties.

As Ferdi De Ville and Gabriel Siles-Brugge (2019) have argued, however, the ultimate impact of Brexit on the substance of EU trade policy will depend on how the Commission, member states, and firms respond to Brexit. Early indications are that the Commission has not interpreted the Brexit referendum as a repudiation of globalization, and has continued to advocate for trade liberalization (De Ville and Siles-Brugge 2019; Young 2019). In addition, a new liberal coalition—dubbed the Hanseatic League 2.0 because of the high degree of overlap with the Mediaeval trading organization<sup>9</sup>—has emerged to advocate for liberal trade policies, among other things (Brunsden and Acton 2017). Moreover, De Ville and Siles-Brugge (2019) contend that the trade-policy preferences of the EU member states might change if Brexit causes lots of British firms to relocate to the EU27 and they begin advocating more liberal trade policies. That effect, however, would depend on the British firms moving to EU member states that do not already support trade liberalization and doing so in numbers sufficient to change the domestic balance in favour of trade liberalization.

Brexit also potentially has implications for the EU's ability to achieve its trade-policy preferences. As the UK accounted for 15% of the EU's economy in 2019, Brexit will make the EU less economically important. By making improved access to the EU's market less valuable, Brexit might make it harder for the EU to induce its trade partners to make significant concessions. The EU, however, is still the world's second-largest market, and the absence of the US as an alternative might offset, at least partially, the adverse implications of Brexit for the EU's bargaining leverage. Indications are, therefore, that Brexit is unlikely to alter fundamentally the EU's trade policy objectives and will likely only slightly undermine its ability to realize them.

#### Trade policy: complicating Brexit

As with the single market (see Chapter 5), trade policy was a factor in the Leave campaign and is an issue that complicates the process of the UK disentangling itself from the EU. Trade policy, however, figured less prominently in the decision to leave the EU than did the single-market issues of immigration and policy autonomy. The British government's desire for an independent trade policy, however, created the challenge of how to manage the border between Ireland and Northern Ireland, which emerged as the main obstacle to the ratification of the withdrawal agreement during 2019.

#### Trade policy's contribution to Brexit: the desire for an independent trade policy

The Leave campaign cited the UK's ability to pursue an independent trade policy as one of the advantages of leaving the EU.<sup>10</sup> The argument had two components. First,

the UK would wish. Secondly, the EU's economy is growing much more slowly than those of more dynamic regions of the world, notably Asia, and China in particular. The contention was that, unshackled from the EU, the UK would be able rapidly to conclude agreements with these dynamic economies, more than replacing any trade with the EU lost as a result of leaving.

This objective did not particularly resonate with the electorate, with only 6% of Leave voters indicating that an independent trade policy was a reason for voting in favour of Leave (Lord Ashcroft 2016). The goal of an independent trade policy, however, was extremely important to the Conservative politicians most committed to Brexit (Siles-Brugge 2019). This desire for an independent UK trade policy profoundly complicated the Brexit process.

### Trade policy's complication of Brexit: dealing with customs controls

Brexit involved two asynchronous negotiations: one on the terms of the UK's departure (the Article 50 negotiations) and the subsequent negotiation on the UK's trading relationship with the EU27. In November 2018, the UK and EU concluded a treaty on the terms of the UK's withdrawal from the EU, and reached a political agreement that set out in very general terms the framework for their future relationship. Both were modified in October 2019. In order to bridge the gap between the UK leaving the EU and the implementation of the yet-to-be negotiated future relationship, the Withdrawal Agreement included a transitional (or 'implementation') period until the end of 2020 during which the UK remained within both the customs union and the single market.

In spring 2020, the UK and the EU began negotiations on a CETA-style free trade agreement that would avoid tariffs or quantitative restrictions on imports (Commission 2020e; HM Government 2020). A key sticking point in the negotiations, at least through mid-2020, was the EU's insistence that the UK accept 'robust commitments that prevent distortions of trade and unfair competitive advantages and ensure that their mutual trade and investment contributes to sustainable development'. Ensuring this 'level playing field' implies the UK accepting commitments covering state aid (Chapter 6), labour standards (Chapter 11), and environmental protection, particularly with regard to climate change (Chapter 13). Such commitments run counter to the UK government's insistence on policy autonomy. Should the UK and the EU not reach an agreement by the end of the transition period, the two parties will trade on WTO terms, which will entail the imposition of tariffs on imports from the other.

Whether the UK and EU reach an agreement or not, trade between the two will become significantly more complicated after the UK leaves the customs union (and the single market (see Chapter 5)). A significant challenge with free trade areas stems from the need to ensure that foreign producers do not take advantage of any differences in parties' tariffs to 'tariff hop': export their product to the market with lower tariffs and then re-export it to the other market in the free trade area. This problem is addressed through 'rules of origin' that define what proportion of a product must be produced in the participant's jurisdiction ('...').

within the European Economic Area—rules of origin are enforced at borders. These border checks present logistical and political challenges.

### The economic costs of borders

The logistical challenge is associated with the additional time that will be required to check cargoes of goods at the UK-EU borders. The problem is particularly acute because the border infrastructure—ferry ports and the Channel Tunnel—were not designed to accommodate vehicles awaiting customs checks (Owen *et al.* 2017). Numerous studies estimate that even relatively quick checks would result in lengthy delays to shipments because of the volume of traffic involved (Partington 2018; Pickard 2019). Moreover, even relatively short delays could adversely affect firms that have become reliant on just-in-time deliveries as part of pan-European supply chains (Partington 2018). To mitigate these effects, the UK government announced in July 2020 plans to spend £407 million for port and inland infrastructure and £235 million for IT systems and 500 extra Border Force staff (Parker 2020). Government officials estimate that British businesses will have to hire around 50,000 customs agents to deal with the new border formalities, and that the additional 215 million customs declarations will cost about £7 billion per year (Parker *et al.* 2020). In order to mitigate the shock caused by these new arrangements, the UK government announced that it would phase in the border controls over six months. The EU, however, indicated that it will enforce border controls as soon as the transition period ends. These border issues will also adversely affect EU27 firms, particularly those in Belgium, France, Ireland, and the Netherlands. The transaction costs associated with re-introducing a border clearly illustrate a key benefit of membership of the EU's customs union.

### The political costs of borders

Beyond their economic implications, border checks on the border between Northern Ireland (part of the UK) and Ireland (a member of the EU) would have had particular political significance. For decades, Northern Ireland was torn by violence between Nationalists—mostly Catholics who wanted to rejoin Ireland—and Unionists—mostly Protestants who wanted to remain in the UK. The 1998 Good Friday Agreement brought an end to the so-called Troubles. Ireland and the UK's shared membership in the EU was 'intrinsic' to that agreement, not least because it enabled the abolition of the trade border and created the conditions for an all-island economy (D'Arcy and Ruane 2018: 4).

The continued ability of people and goods to cross the UK-Irish border seamlessly is widely seen as critical to preserving the peace process, and both the UK and the EU committed to avoiding a 'hard border' between Northern Ireland and Ireland (Commission 2017d). Because the UK and Ireland have a common travel area for people, which predates their membership in the EU and which, in May 2019, they committed to maintaining after Brexit, the real challenge of the border concerns trade in goods: customs procedures, value-added tax, and regulatory alignment (on the latter two see Chapter 5).

Ireland was one of the most vexed issues in the UK's withdrawal negotiations. The UK proposed a variety of technological and administrative work-arounds, but the EU rejected them as unfeasible in the short to medium term. As a consequence, the UK and the EU sought to establish an arrangement that would ensure that there is no physical border between Northern Ireland and Ireland whatever future trade agreement the UK and the EU conclude.

The 2018 Withdrawal Agreement sought to do this through the so-called 'Backstop'. Under the Backstop, the UK as a whole would remain in the customs union until a satisfactory solution to the Northern Irish border could be found, but that implied effectively delaying the practical effects of Brexit and gave the EU a say in when the UK could leave the customs union. Those possibilities were intolerable to the committed Brexiteers in the Conservative Party.

As a result, the 2018 Withdrawal Agreement was unacceptable to those who were most keen to leave the EU, as well as to those that wanted to remain. The agreement was overwhelmingly rejected by the British Parliament—432 to 201—on 15 January 2019. Prime Minister Theresa May unsuccessfully sought twice more to secure ratification for the Withdrawal Agreement before resigning as leader of the Conservative Party in June 2019.

Her successor, Boris Johnson, renegotiated the Withdrawal Agreement with the EU to replace the Backstop. Under the 2019 Withdrawal Agreement, the UK as a whole will leave the EU's customs union at the end of the transition period, but, de facto, Northern Ireland will remain in it. The UK will introduce customs checks on goods travelling from Great Britain to Northern Ireland. If officials are convinced that goods are destined for Northern Ireland, no duties will apply. If they think that the goods might be headed to Ireland, then they will collect EU duties on behalf of the EU. Northern Ireland will also continue to apply EU regulations and abide by EU rules on value-added tax (see Chapter 5). Four years after the end of the transition period, Northern Ireland will get to give its assent to whether to maintain the arrangement. If it votes not to, the arrangement will lapse after two more years. Boris Johnson was able to secure a small majority in Parliament on the preliminary readings on the Withdrawal Agreement, but MPs insisted on being able to amend the agreement. Rather than risk those amendments, Johnson withdrew the Withdrawal Agreement and pushed successfully for an early election. With his new, sizeable majority, he was able to secure ratification of the Withdrawal Agreement, paving the way for the UK to leave the EU on 31 January 2020. The implications of leaving the EU's customs union, therefore, profoundly complicated the Brexit process.

From the late 2010s, the EU's trade policy has confronted a set of challenges, both internal and external. The EU has responded to the impasse in the multilateral trade negotiations by pursuing bilateral trade agreements with a range of economically significant countries. It has responded to the public opposition to the TTIP negotiations by increasing the transparency of its negotiating practices and by making a rhetorical commitment to a 'balanced and progressive' trade policy. This strategy, however, is long on continuity and short on change. As TTIP seems to have been an outlier in terms of politicization, such continuity need not present a problem for the conduct of EU trade policy. While trade policy has profoundly complicated Brexit, Brexit has had little effect on EU trade policy, which has continued much as before. The greatest challenge, therefore, comes from US trade policy, which threatens both the health of the valuable transatlantic relationship and the functioning of the WTO. Given the capriciousness of the US's trade policy, the EU has struggled to find an effective response.

These challenges come against a backdrop of an underlying adjustment to trade policy-making in the EU, as the European Parliament has begun to exercise the authority granted to it under the Lisbon Treaty. As a result, trade negotiations have shifted from being close to the ideal-type of the Community method to having some distinctly regulatory-mode elements, while trade legislation is now characterized by the regulatory mode. Anti-dumping policy, however, has been immune to that development. Despite these changes and challenges, the substance of EU trade policy has remained remarkably stable.

## NOTES

- This chapter draws extensively on Young and Peterson (2014). John Peterson graciously granted me permission to do so before his untimely death in May 2019. I dedicate this chapter to him.
- These provisions apply to international agreements that establish a specific institutional framework, have important budgetary implications for the EU, or entail amendment of internal legislation adopted under the co-decision procedure.
- Woll (2009: 285), however, contends that the Commission does not have an *a priori* tendency to liberalize; it merely seeks to develop pan-European policy solutions that do not create cleavages between the member states in order to avoid internal deadlock. Liberalization tends to be such a pan-European solution.

## Conclusions

Trade policy is one of the EU's most fundamental and integrated policies, as the contortions the UK went through to extract itself from the customs union vividly illustrate. Trade policy is also an incredibly important aspect of how the EU engages with the rest of the world.

<sup>4</sup> Regulation 2019/452 of 19 March 2019.

<sup>5</sup> Regulation (EEC) No 459/68 of the Council of 5 April 1968.

<sup>6</sup> Leave campaign website ([www.votetakecontrol.org/why\\_vote\\_leave.html](http://www.votetakecontrol.org/why_vote_leave.html))

<sup>7</sup> Including the Commission's 2015 'Trade for All' Trade Strategy (Commission 2015c) and its 2017 'A Balanced and Progressive Trade Policy to Harness Globalisation' (Commission 2017c).

- 8** 'EU-US Leaders Pledge to Negotiate "Zero Industrial Tariffs," Set Up Working Group on WTO Reform', BRIDGES, 22/27, 26 July.
- 9** The members include Denmark, Estonia, Finland, Ireland, Latvia, Lithuania, the Netherlands, and Sweden.
- 10** Leave campaign website ([www.voteleavetakecontrol.org/why\\_vote\\_leave.html](http://www.voteleavetakecontrol.org/why_vote_leave.html))

## FURTHER READING

- For a review of the state of the debate on EU trade policy-making, see Poletti and De Bièvre (2014). There are contrasting theoretical approaches for explaining EU trade policy-making: for a constructivist account, see Siles-Brügge (2014a); for a rare Realist account, see Zimmerman (2007); and for a more conventional open-economy politics account, see Young and Peterson (2014). Meunier (2005) links the EU's internal decision rules to its external bargaining power. Dür and Elsig (2011) bring together a number of principal-agent analyses of EU trade policies. Dür (2010) provides an influential account of the impact of firms on EU trade policy. Woll (2009) offers a nuanced account of corporate lobbying of the Commission. On the politics of TTIP, see De Bièvre and Poletti (2017), De Ville and Siles-Brügge (2017), Eliasson and Garcia-Duran (2019), and Young (2017). For discussions of the EU's other bilateral trade negotiations, see Laursen and Roederer-Rynning (2017). Eckhardt (2015) provides a rare account of the EU's trade relations with China and highlights the political significance of European firms' participation in global value chains. For a discussion of the EU's trade policies towards developing countries, see Young and Peterson (2013). The UK Trade Policy Observatory (<https://blogs.sussex.ac.uk/uktpo>) provides expert analysis and commentary on issues confronting the UK's post-Brexit trading relations, including those with the EU.
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