

E.U. Trade Chief Woos Washington

■ In his new post, a veteran Belgian politician wants a productive bilateral relationship with the Obama administration.

By Bruce Stokes

BRUSSELS—Karel De Gucht, the European Union's new trade commissioner, is a politician who appreciates the importance of sending a message. In a mid-April conversation with *National Journal*—the first interview he has granted to an American publication—the 56-year-old former Belgian deputy prime minister clearly wanted to let Washington know that he is a free-trader.

Questioned about the prospects of world trade after the Great Recession, the center-right De Gucht contended, “Both Europe and the United States need a substantially bigger underlying [economic] growth pattern than we have had for recent years to support our welfare states.” He underlined, “The only way I can see to get to that higher growth figure is through innovation that translates into trade.”

De Gucht acknowledges that expanding trade could be an uphill struggle. “Our American friends tell us that what is on the table [in the Doha Round of multilateral trade negotiations] will never be swallowed by their Congress,” he said. “Who am I to put that into doubt?”

Moving on then, the U.S. and the E.U. “should look to what else we can do together.” One alternative includes settling for less trade liberalization for agriculture and manufactured goods, although he said he would rather not go that route. Another strategy is for Brussels and Washington to pursue more agreements to selectively eliminate tariffs on certain industrial products, such as green technologies, and to further free up trade in services.

“We are engaging internally and also with the U.S.,” De Gucht said, “to find ways and means to get out of this imbroglio. Whether that will lead to something substantial remains to be seen.”

In the meantime, Europe is hardly standing still. Last year, the European Union signed a free-trade deal with

South Korea—not unlike the one that President Bush signed with Seoul. Major European auto companies, like their U.S. counterparts, oppose that agreement. Nevertheless, E.U. officials are confident that it will be approved.

The Union is also negotiating with Canada, India, Singapore, and Vietnam. E.U.-Canada trade barriers are already minimal so the Canadian deal is symbolic, and, like the existing E.U. free-trade accord with Mexico, it has few implications for the United States.



■ Karel De Gucht

AFP/GETTY IMAGES/GEORGE GOBET

■ Trade minister now has to get the European Parliament to approve new free-trade agreements.

De Gucht said that negotiators will make a major push to complete a pact with India this year. Launched with much fanfare in 2007, the talks have made little progress; outside observers think that they could drag on for years. A major obstacle remains Indian opposition to labor and environmental safeguards that European officials say are absolutely necessary if the treaty is to gain eventual approval by the European Parliament.

In a move to counter the newly

launched Trans-Pacific Partnership initiative, which the Obama administration hopes will stitch together a trade deal with South Pacific economies, the E.U. has begun free-trade negotiations with Singapore and Vietnam, both of which are parties to the U.S. effort. Brussels and Washington expect that labor rights and textiles will prove especially contentious in dealing with Hanoi.

As the India, South Korea, and Vietnam trade agreements demonstrate, De Gucht faces many of the same challenges with the European Parliament that his counterpart, U.S. Trade Representative Ron Kirk, runs into on Capitol Hill. In fact, De Gucht calls getting parliamentary sign-off his biggest challenge.

Under the Lisbon Treaty, the new guiding document for the European Union that took effect in December, the European Parliament must approve trade agreements.

“It will mean a completely new approach to the European Parliament,” according to De Gucht, who for 14 years was a member of that body and who acknowledges that he has spent about a quarter of his time as trade commissioner dealing with parliamentarians. “First of all, if we are to convince those people, we will have to create a constituency in the European Parliament that is in favor of international trade. And that is not always an obvious or easy thing to do.”

With that in mind, De Gucht clearly hopes to get off on the right foot with the USTR. It could be tough. A long-simmering trans-Atlantic dispute between Boeing and Airbus is once again boiling over. Europeans, meanwhile, question the American commitment to the 15-year-old unproductive discussions on reducing U.S.-E.U. nontariff trade barriers.

Nevertheless, one E.U. official said, “the only way to make this work is [for the Europeans and the Americans] to trust each other and to work as a team. If they don’t, we will fail.” De Gucht, having successfully navigated messy Belgian domestic politics for years, may be just the person for the job. ■

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