

Research impact: making a difference

Influencing EU policy on international trade agreements

LSE's International Trade Policy Unit provided expert analysis on trade agreements for the European Parliament's International Trade Committee

What was the problem?

Preferential trade and investment agreements have proliferated over the last twenty years.

The European Parliament (EP) has enhanced powers in the field of trade and investment since the application of the Lisbon Treaty in 2009. This means more attention and lobbying is focused on the MEPs.

It is therefore important that MEPs are provided with balanced, objective and expert information of the costs and benefits of trade and investment decisions they take.

Businesses have also needed such research to be able to make fully-informed decisions on trade issues, including how to deal with, and reconcile, the demands of complex and frequently conflicting trade agreements.

What did we do?

LSE established the International Trade Policy Unit (ITPU) in 1999 to provide a link between academic research and policy in the field of international trade.

Led by Dr Stephen Woolcock and funded by, amongst others, the UK Department of Trade and Industry and the European Union, LSE academics and visiting fellows with many years experience in trade policy published a range of contributions in the field of trade, including a comparative analysis of the differing approaches to preferential trade agreements by the EU and the United States in particular. Woolcock also produced the first in-depth study of EU economic diplomacy.

As a result, ITPU won the contract to provide expert analysis for the European Parliament's International Trade Policy Committee. It coordinated a consortium of research institutions across the EU, which has produced 32 research studies and workshops in 14 different policy areas between 2010 and 2014 for the previous European Parliament, and which has won a further contract to provide similar work for the current parliament up to 2019.

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What happened?

In 2011 the European Parliament used new powers accorded by the Treaty of Lisbon to decide whether to approve a free trade agreement between the European Union and the Republic of Korea. This was the most ambitious agreement the EU had ever negotiated and the first with an Asian country.

ITPU produced a 100-page assessment of the proposed agreement and Woolcock gave a presentation at a European Parliament public hearing in June 2010. The study found that the agreement was broadly favourable for the EU and that some organisations had exaggerated the negative impact of Korean imports.

The study was credited with presenting a balanced and independent assessment of the arguments and was a key factor in the agreement's approval. It was cited in a written answer from the European Commission to the Parliament as part of the Parliament's formal exercise of control. Mr Ignacio Garcia Bercero, chief European negotiator, stated that the study had made a central contribution to the agreement's approval.

The next year Woolcock produced a follow-up study which confirmed his initial findings. He found that the agreement had secured tangible improvements in trade and investment between the EU and Korea.

In October 2012 Woolcock also delivered a keynote presentation at a European Union workshop held to assess the results of the agreement. Further to the success of the first agreement, the EU has since become involved in trade negotiations with Japan, India, the US and the Association of South East Asian Nations (ASEAN).

The Lisbon Treaty had also extended the European Union's exclusive competence for direct foreign investment, enabling it to forge comprehensive rather than piecemeal new agreements and to strengthen its international investment policy. ITPU was commissioned to produce a study assessing the opportunities and challenges facing the formulation of a common EU policy on comprehensive investment agreements.

ITPU's study, *The EU Approach to International Investment Policy After The Lisbon Treaty*, identified four major issues:

- The absence of an actual definition of 'foreign direct investment'
- The need to define the key elements of a sustainable investment policy
- The need to decide which non-EU countries should be given priority in investment agreements

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- The need to agree the best way to manage the transition from individual member state treaties to EU-wide agreements.

Through this study ITPU was able to play a significant role in framing the parameters of the debate on the scope of European investment policy.

The ITPU-led consortium was also able to influence the content of debate in the European Parliament. For example, after the Doha Development Agenda negotiations on multilateral trade within the World Trade Organisation (WTO) were suspended, the ITPU proposed a workshop at the European Parliament, held in May 2012, that brought together key policy-makers to discuss a unified European position on the future of plurilateral agreements as a means of overcoming difficulties at the multilateral level of negotiations.

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