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Trade politics have always been there, as has already been said in the discussion. From the moment the King of Crete signed the first commerce treaty with the Pharaoh Egypt, we entered into trade politics. However, my feeling is that the relationship between trade and politics, whether domestic or international, is fundamentally changing as we are transitioning from an old world of trade into a new one, and we are somewhere in between these two worlds. The old world of trade was one where production was national, and the purpose of obstacles to trade was to protect domestic producers from foreign competition. That was the world of the Mandate of the Doha Round.

The new world of trade is totally different. It is a world where production is transnational, and where obstacles to trade stem not from measures to protect the producer but from measures to protect the consumer, or, more precisely, from differences in measures to protect the consumer. What does not change between the old world and the new world is that trade opening works for growth and welfare under a number of conditions, but that is not the purpose of today's discussion. What does not change either is that trade opening is about levelling the playing field.

However, what changes enormously is the way to level the playing field. Levelling the playing field is one thing if it is about protection, but it is another if it is about precaution. Why is it different? The purpose is different and the politics are different. The purpose is different because in the old world the name of the game was relatively simple: you reduced tariffs or trade-distorting subsidies, and the intellectual horizon was quite simple, with zero tariffs and zero subsidy, and you had finished trade opening in the old world. Getting there is complex, because tariff structures are different, because the capacity of countries to subsidise their producers is different, but you get there by working with trade-offs. I trade off my tariff on bicycles against your tariff on scrap metal, and we both do a good deal.

Looking at the area of consumer protection, such as safety, security, environment, health, car equipment standards, maximum pesticide residues in flowers, prudential regulations in banking and insurance, etc., is a totally different ballgame. The purpose of trade opening and levelling the playing field is not about getting rid of the measures; in the old world you get rid of protection and the job is done, whereas in the new world, there is no question about getting rid of precaution, and if anything precaution will grow. The name of the game is getting rid of what constitutes an obstacle to trade, which is discrepancies in the way precaution levels are set, and sometimes, even more importantly, discrepancies in the way precaution levels are implemented, because if I am a producer of cut flowers, tariffs are not the problem anymore. Let us assume the agreement will cut the costs of crossing borders because of administrative red tape and so on, so I am left with different pesticide residue standards all over the place, which is a problem for me, because I could produce and sell cut flowers much more cheaply if I did not have to adjust to different levels of maximum pesticide standards, and also different levels of tolerance for the machines which measure maximum pesticide levels.

That is where it is very different, and this is where the politics of levelling the playing field also changes a lot - it changes domestic politics and it changes international politics. It changes domestic politics because, if I am a tariff trade negotiator, my politics is that I have producers against me and consumers with me. I have a few loud voices of producers who scream that I am going to increase competition, and I have a vast majority of half-silent consumers who are happy with lower prices. It is the other way around if I am in the business of precaution - I have producers with me, because they are happy with the hope that they will realise economies of scale with a single standard, because of regulatory convergence, harmonisation, mutual recognition, etc., I will have consumers against me, or more precisely, what matters in politics, which is consumer organisations. The voice of consumers in politics is with consumer organisations, and consumer organisations are, shall we say, virtuous paranoiacs, they always recruit their members by saying they will be protected against a risk which they are running if the organisations are not doing this job, and that of course is a totally different game.



It is the same in international politics. The old world of trade was a world where you could have preferences. I would have a tariff on roses of zero percent for Rwanda, 20% for Costa Rica and 40% for Israel, because I want to be pro-development, so I have three levels, because Israel is a developed country, Costa Rica is in the middle, Rwanda is a poor country, and everybody is happy with special and differential treatment, as we call it in the WTO. Preferences disappear if it is about precaution. Special and preferential treatment, pro-trade development policy run this way, is dead in the new world. I would not have different pesticide residue standards for Rwandan, Costa Rica or Israeli roses; I would have one, because it is about health, and my regulation is about protecting health.

It also changes the whole problem of the relationship between multilateral and bilateral systems, about which academics have written tonnes of pages, too many tonnes in my view, because it does not really work that way in reality. What changes is that the criticism of bilateralism, that it is preferential and that it discriminates, is not valid for precaution; by definition, precaution, as I said with my example of roses, does not discriminate anymore. A bilateral regulatory convergence between, let us say, the EU and the US, will not be discriminatory; on the contrary, today the EU and the US are implementing precautionary regulations for exporters into the US or the EU markets. Were they to become the same, exporters in the EU and the US markets would be happy, which, by the way, was what happened when the EU switched from the common market to the internal market in the 1990s.

Therefore, it is a totally different world with totally different politics, and to conclude with an example, it is because they did not get this difference that both the EU Commission and USTR mishandled the start of the so-called negotiation of the TTIP, which by the way should not be called a negotiation; it is a regulatory convergence process. The way you name things matters in politics, and naming this a negotiation gave the impression to public opinion on both sides that it was about negotiating precaution, so Europeans started fearing that they would have to eat chlorinated poultry and Americans started to fear that they would have to eat European cheese full of bacteria. The narrative was wrong, which is why this negotiation, the first of the negotiations in the new world, is in bad shape, and this is one of the reasons why, even more than in the past, it is a question of transparency.

You could handle negotiations on tariff quotas on socks or shirts to some extent, in some secrecy. But if it is about precaution, if it is about harmonisation of regulations, the purpose of which is to establish and administer precaution, you have to be ten times more transparent, and in this area, trade negotiators, unfortunately, also live in the world of 20 years ago instead of 20 years to come.