

DIG 28/4/09.
DXWO 13974

FOR REFERENCE ONLY

DX 199776

41 0565959 1



ProQuest Number: 10290260

All rights reserved

INFORMATION TO ALL USERS

The quality of this reproduction is dependent upon the quality of the copy submitted.

In the unlikely event that the author did not send a complete manuscript and there are missing pages, these will be noted. Also, if material had to be removed, a note will indicate the deletion.



ProQuest 10290260

Published by ProQuest LLC (2017). Copyright of the Dissertation is held by the Author.

All rights reserved.

This work is protected against unauthorized copying under Title 17, United States Code
Microform Edition © ProQuest LLC.

ProQuest LLC.
789 East Eisenhower Parkway
P.O. Box 1346
Ann Arbor, MI 48106 – 1346

TRADE POLICY & GOVERNANCE IN THE EUROPEAN UNION:
A NEW INSTITUTIONAL APPROACH TO THE STUDY OF
COMMERCIAL POLICY-MAKING

SIMON ANTHONY MERCADO
(B.A. [hons.]; M.A.)

A thesis submitted in partial fulfilment of the requirements of the
Nottingham Trent University for the degree of Doctor of Philosophy

June 1997

Ref.

PH. D/HUM/97

MOR

ACKNOWLEDGEMENTS

I would like to thank all the interviewees and numerous contacts who have helped in the development of this thesis. Without their time, generosity and insight, this work would not have been possible. Immense thanks are due to my director of studies, Mr. Christopher Farrands, and to other colleagues whose kind assistance has been of some considerable value.

My gratitude goes directly to two University Departments, the Dept. of International Studies and the Dept. of Strategic Management, whose sponsorship of this enterprise has been matched by unswerving patience and encouragement.

Dedicated to Amy

ABSTRACT

This thesis targets the problem of understanding in the study of commercial policy-making. Drawing on a critical reading of the literature on foreign economic policy-making (FEP), this variant of trade policy analysis reflects a primary interest in the central analytical issue of "actor behaviour". This incorporates influences on policy choices, fundamental motivations, and the matter of how best to explain or to analyse foreign economic policy behaviour.

The argument draws centrally on the challenging case of European Community commercial policy-making. Successive chapters advance a theoretical approach to policy analysis rooted in the "neo-institutionalist" approach to FEP. Trade policies, and within this, multilateral, sectoral and regional dimensions of Community policy-making, are presented as the outcomes of dense networks of exogenous (politico-economic) and endogenous factors (institutional, ideocultural, political and bureaucratic). Whereas conventional studies focus classically on systemic, statist, or micro-political (interest based) levels of explanation, and most often on the contours of American foreign economic policy, here analytical primacy is afforded to the institutional structures and terrains within which these pressures and inputs are channelled, managed and mediated, and the essentially complex nature of their interactions.

In the detailed focus on the Community case this involves an "integrative" address of the European Union's complex governance structures (institutions, decision-making procedures and rules etc.), cognate factors, and structures of communication and bargaining between a range of public actors and organised interests. Individual chapters explore this approach in the context of EU textiles- and agricultural-trade policies in the Uruguay Round and the Europe Agreements of the early 1990s. The importance and policy authority of Community level institutions is asserted even though ultimately trade policy-making is seen in terms of a crowded political arena.

In the conclusions, evidence relating to the Community case is employed to argue how the theorisation of foreign economic policy-making in the thesis helps our understanding of international economic relations more broadly and to indicate future directions for trade policy analysis arising from this work.

CONTENTS

ACKNOWLEDGEMENTS

ABSTRACT

TABLE OF CONTENTS

i

LIST OF FIGURES

vi

INTRODUCTION

01

- i. The thesis: critical and auxiliary purposes
- ii. The philosophy and epistemology of a political economy approach
- iii. The empirical domain: examining European Community trade policy
- iv. Policy and policy analysis
- v. Methodology and the genesis of a research programme
- vi. Boundaries under fire

CHAPTER ONE: PERSPECTIVES ON THE POLITICAL ECONOMY OF TRADE

30

Introduction

- 1.1. The study of foreign economic policy-making: why political economy ?
- 1.2. Through 'IPE' to an 'FEP' approach: introducing the study of foreign economic policy
- 1.3. Organising the facts of foreign economic policy: the "five fingers" examined

- i. *systemic/global structural analysis: the content of a perspective*
- ii. *society-centred analysis: markets, micropolitics and socioeconomic interests*
- iii. *statist theories of foreign economic policy: state-strength, executive actors, and defending the national interest*
- iv. *institutionalist-led approaches and positive political economy analysis*
- v. *ideas, beliefs, and the diffusion of knowledge: cognitive approaches to policy and policy change*

- 1.4. Future direction in trade policy analysis

Notes

CHAPTER TWO: UNDERSTANDING INTERNATIONAL TRADE POLICIES AND THE CASE OF THE EUROPEAN COMMUNITY

84

Introduction

2.1. Caveats & challenges: FEP theorisation and the study of the Community model

- i. *FEP theorisation in the European domain*
- ii. *possibilities for a theoretical approach*

2.2. Frameworks for the study of EC decision-making: some criticisms and reflections

- i. *the contribution of International Relations theory*
- ii. *networks theory and comparative policy analysis: tackling the politics of EC policy-making*

2.3. Conclusions

Notes

CHAPTER THREE: EUROPEAN COMMUNITY COMMERCIAL POLICY: TOWARDS A POLITICAL ECONOMY APPROACH

119

Introduction

3.1. The EC's Common Commercial Policy: an introduction

- i. *policy instruments and features of EC trade legislation: tariff barriers*
- ii. *policy instruments and features of EC trade legislation: quantitative restrictions and surveillance measures*
- iii. *trade defence instruments*
- iv. *local content requirements & rules of origin*
- v. *measures directly affecting exports*

3.2. The political economy of EC trade policy: an introduction

- i. *economic environments and the external roots of EC trade policy*
- ii. *process, institutions and the decision-making complex*
- iii. *policy formulation and the negotiation of external trade arrangements*
- iv. *institutional terrains and the internal roots of policy*

3.3. Ideas, institutions & interests: an integrative approach to the study of EC commercial policy-making

Notes

CHAPTER FOUR: EC TEXTILES-TRADE POLICY & THE URUGUAY ROUND

185

Introduction

4.1. Textiles & clothing negotiations under the Uruguay Round: the background

- i. *the MFA and trade in textiles & clothing*
- ii. *background to the Uruguay Round and Community perspectives*
- iii. *change and development in Community textiles-trade policy: the third MFA renewal and the launching of the GATT negotiations*

4.2. Analysing Community textiles-trade policy and the Uruguay Round of multilateral negotiations

- i. *approaching Community textiles-trade policy*
- ii. *early mandates, policy developments and influences*
- iii. *policy roots and development*

4.3. From the Draft Final Act to the Agreement on Textiles & Clothing: end-games and the politics of Community policy-making

- i. *"holding on" and "tidying up": the defence of the Draft Final Act and the new bilateral agreements*
- ii. *towards the finish: the WTO Agreement on Textiles and Clothing (ATC)*
- iii. *after Geneva: some final reflections*

4.4. Conclusions

Notes

CHAPTER FIVE: EUROPEAN AGRI-TRADE POLICY & THE URUGUAY ROUND

236

Introduction

5.1. The Uruguay Round agri-negotiations: background & beginnings

- i. *commencing the negotiations*
- ii. *towards the Brussels Ministerial: the evolution of the EC position*

5.1 cont.

- iii. *the early policy formulation: first reflections*
- iv. *the development of the Community position & the importance of CAP reform*

5.2. CAP reform & the “dunking” of the Draft Final Act

- i. *after Brussels: picking up the pieces*
- ii. *the Dunkel text: the Community perspective*
- iii. *the agreement on CAP reform*

5.3. Negotiating Blair House

- i. *blackholes, green boxes & the forming of a bilateral settlement*
- ii. *last dances, missing partners*

5.4. EC agri-trade policy formulation: further reflections

Notes

CHAPTER SIX: THE EUROPE AGREEMENTS AND THE POLITICAL ECONOMY OF EC REGIONAL TRADE STRATEGY

293

Introduction

6.1. The Europe Agreements & the transformation of EU-CEEC trade

- i. *market liberalisation: the early steps*
- ii. *the birth of the Europe Agreements*
- iii. *platforms for free trade or crumbs from the EU table ?*

6.2. The association policy & commercial elements: a case of institutional leadership ?

- i. *external change, internal choices: towards association*
- ii. *the Commission as policy leader: action, ideas and incentives*

6.3. Negotiating the Europe Agreements: ideas, mobilised interests & the institutional terrain

- i. *mobilised interests and the sectorisation of decision-making processes*
- ii. *negotiating the Europe Agreements: national positions and more on the role of the Commission*
- iii. *the market access crisis & the Copenhagen Agreement: a victory for DG-I ?*

6.4. Conclusions

Notes

CONCLUSIONS

343

- i. Institutional analysis, the EU, and the study of commercial policy-making
- ii. Understanding EC trade policy: tool kits, tests and challenges
- iii. The EU, institutions & organisational frameworks: a lesson in the "mapping" of institutional politics
- iv. Institutions, ideas and interests: an integrated view of trade policy formation
- v. The theorisation of foreign economic policy and future direction in trade policy analysis

APPENDICES

Appendix 1	<i>List of formal interviewees & affiliation at time of project</i>
Appendix 2	<i>Figure(s) A 2.1</i>
Appendix 3	<i>Figure(s) A 3.1 & 3.2</i>
Appendix 4	<i>Figure(s) A 4.1</i>
Appendix 5	<i>Figure(s) A 5.1 & 5.2</i>
Appendix 6	<i>Figure(s) A 6.1</i>
Appendix 7	<i>Figure(s) A 7.1 & 7.2</i>
Appendix 8	<i>Sample CEA position paper on the GATT negotiations</i>

BIBLIOGRAPHY

LIST OF FIGURES

- Figure 1.1 *The evolution of international trade theory*
Figure 1.2 *The intellectual lineages of FEP and FPA: Tooze's "mapping" of IR discourses*
Figure 1.3 *Foreign economic policy and foreign policy analysis: analytical perspectives compared*
Figure 3.1 *Average tariffs by HS chapter, agricultural products, EU-12, 1995*
Figure 3.2 *Average tariffs by HS chapter, manufactured products, EU-12, 1995*
Figure 3.3 *EC anti-dumping actions, 1990-1994*
Figure 3.4 *Organigram, Directorate General I, 1993*
Figure 4.1 *The Uruguay Round of multilateral trade negotiations: organizational chart*
Figure 6.1 *Hierarchy of trading preferences, European Union (15), 1995*
Figure 6.2 *Trade-related agreements between the EC and CEECs*
- Fig. A 2.1 *The EU and the European Community: treaty foundations*
Fig. A 3.1 *Percentage Share of the EU, the US & Japan in world trade (imports)*
Fig. A 3.2 *Percentage Share of the EU, the US & Japan in world trade (exports)*
Fig. A 4.1 *Extra-EU15 trade balance, 1985-96*
Fig. A 5.1 *Extra-EU15 trade (flows)*
Fig. A 5.2 *External trade values of the member states in 1996*
Fig. A 6.1 *The decision-making process of the European Community: a foundational model*
Fig. A 7.1 *EU textiles, clothing and footwear trade balance (million ECU)*
Fig. A 7.2 *EU employment in textiles, clothing & footwear sectors (thousands)*

INTRODUCTION

"The search for invariable laws of international politics has not only significantly reduced the set of interesting questions, it also has led to premature closure. Political practices which pose conceptually difficult problems for theory building are either 'solved' by likening power to money because of methodological convenience or they are dealt with by 'assumption'. The result is predictable. As in the world of love, reality increasingly proves nothing, the unchanging or cyclical nature of international politics substituted for the investigation of actual processes and decisions."

(Friedrich Kratochwil, The Embarrassment of Changes: Neo-Realism as the Science of Realpolitik without Politics, 1993)

"Commerce, which ought naturally be, among nations, as among individuals, a bond of union and friendship, has become a most fertile source of discord and animosity."

(Adam Smith, An Inquiry into the Nature and Causes of the Wealth of Nations, 1937)

i. The thesis: critical and auxiliary purposes

A quick survey of nineties' media news bulletins rapidly highlights the contemporary centrality of trade issues to 'high' questions of security, power and welfare. Whether it be the political ramifications of recent *"Sino-American Dispute over Copyright Infringement"* or the headline news that *"Singapore Bans WTO Demonstrations"* (both of note in 1996), trade remains a factor of prime importance and controversy in the global political economy. Indeed, when in December 1993 the then Secretary-General of the General Agreement On Tariffs & Trade (GATT), Peter Sutherland, described the conclusion of the multilateral Uruguay Round negotiations as "a defining moment of world history", he underscored not only the economic gains of freer trade and the establishment of a new World Trade Organisation (WTO), but also the contribution of a sustainable and essentially peaceful trading order to the wider international equilibrium. In short, in the modern world, trade policies continue to have a substantial impact on the operation of the world's political system and on the nature,

security and functioning of the international economy and its constituent units. They are of consequence not only to corporate organisations, businessmen and governments, but are indissolubly linked to our collective welfare and security.

There can be no stronger rationale for the constant improvement of our understanding of trade behaviour and of the trade policy process than that which begins with those points above but, as Odell & Willett (1990: 001) remind us, "...better knowledge about these processes is of obvious practicable importance both to those affected by changes in trade policies and to those recommending policy strategies." It is with this point in mind that the present thesis targets the issue or problem of better knowledge and understanding in respect of international trade strategy and policy-making. Commencing with a critique of international trade theory and of ascendant political economy explanations of foreign economic policy-making, the thesis establishes a research agenda for the future study of international economic policy-making and a developed study of international trade policy formulation in the case of the European Community. Critically, the present study proposes a distinctive analytical approach to external trade policy analysis rooted in the "new-institutionalist" aspect of contemporary politico-scientific investigation (see March & Olsen, 1984 & 1989) and drawing from cognitive and policy network literatures in the studies of comparative public and foreign economic policies.

Analysis of the factors influencing the trade policy choices of governments or responsible agencies has become an important area of inquiry for economic and political scientists alike and a major part of the study of foreign economic policy (FEP). The simple immaturity of this field of inquiry however, and the evident limitations of several forms of explanation (see chapter one), demands continual intellectual initiative and original work in order to realise progress and improvement in our understandings of international trade policies and other economic policies. Described in terms of "positive political economy analysis" (Odell & Willett 1990), this aspect of the study of FEP reflects a primary interest in the central analytical-issue of "actor behaviour" incorporating influences on policy choices, fundamental motivations, and

the matter of how best to explain or analyse foreign economic policy behaviour (Cohen, 1990: 267). Though much of the relevant work here is in turn associable with a "positivistic" or "neo-positivistic" ontology, the term "positive political economy" is not suggestive in itself of anything other than a precise form of concentration (essentially that of the understanding of actor behaviour) and one supplementing intellectual interest in the "normative" questions of which trade policies should be adopted and how best they can be chosen.

Given the explanation of one key term and the identification of such inquiry with a growing study of foreign economic policy, it is also opportune here to state that the term "foreign economic policy" itself, problematically implies "an empirical domain constituted by economic activity between and among states where the identities of these entities/processes are secure and the boundaries of the processes are discernible - between economics and politics and between the international and the domestic." (Tooze, 1994: 65). Again, whilst such realities suggest that the use of the term FEP is clearly restrictive- boundaries between foreign and domestic are increasingly blurred and economic policy is rarely if ever a separate sphere of activity- the enterprise at the heart of this study remains entirely valid and locates itself, though with a critical appreciation, within the FEP sub-discipline of international political economy. It would be difficult to envisage an international system at all unless we were to recognise, as something of a particular kind, "international" or "external" interactions (these are preferred terms here) and we see in the very enterprise of foreign policy analysis an invaluable address of the interface between units, regimes and structures in the international system (Light, 1994). Amongst other things, this address encompasses a broad-ranging "exchange" of ideas and analytical devices (Odell & Willett, 1990) otherwise characterised as a scholastic process of "intellectual bridging" in contemporary policy analysis (Odell, 1990). This process is carried forward in the present analysis where a stress is placed on the logic of multivariate analysis and an "open-institutionalist" approach to the study of international commercial policy-making.

Given this background, the current thesis in fact signposts three future directions in the study of the political economy of international economic policy, representing an original contribution to each of these defined "pathways". In other words, it both identifies a clear research programme in address of trade policy issues and begins its exercise within its own terms and boundaries contributing both to the evolution of the study of FEP and to a growing literature examining the European Union as a polity and system of governance.

First, it is argued that a process of "intellectual bridging" between separate established analytical frameworks, again as heralded by Odell (1990), must be accomplished in traverse of schisms between competing political economy analyses ranging from international realist theories to cognitive models of action and behaviour. This case for an eclectic or "integrative" use of theory in a domain of complex choices in complex environments, also encompasses support for an interchange of ideas from the existing study of foreign economic policy with ideas and themes woven in elsewhere into the patchwork of socio-economic and socio-political study. Comparative policy analysis, mainstream foreign policy analysis (FPA), and the study of public policy all figure in observation here, whilst in analysis and explanation of the European Community model, concepts applied in the study of FEP are brought alongside those developed in the study of the European Community as a unique international organisation and decision-maker.

Second, the thesis involves a clear rejection of the sufficiency of macro-level explanation and of relevant 'hard-core' realist assumptions and postulates (especially the unitary actor postulate) in the particular enterprise of trade policy analysis. In placing a new primacy in the analytical sense on "governance structures" (politico-institutional structures; decision-making procedures and rules; structures of exchange and communication between public and private actors) and on the institutional structuration and mediation of ideas and interests, a move is made away from ascendant economistic and realist explanations of trade policy formulation (macro-level explanation) towards an institutionalist-led framework of policy investigation

and understanding. This is a form of policy analysis which is both "domestically-oriented" (concentration falls on domestic structures) and "multi-variate". It brings together a set of state-centred (unit level) and cognitive (individual level) insights from the FEP literature and beyond, beginning with an assumption that "institutions matter" and developing through a central emphasis upon institutions, decision-making procedures and arrangements at the policy level.

It should be noted here that in centralising attention on such internal forces and impulses as they shape and move policies, the meaning of the international environment for policy-makers is made very different from that in neo-realist and/or macroeconomic theorisation. Though 'external' or 'exogenous' pressures are seen unequivocally as significant elements of policy-makers' environments, potentially defining "a universe of possible outcomes" (Checkel, 1993:274), an account of international pressures or structures is **not** seen here as the basis of explanation of why particular ones occur. In contrast, whilst it is appreciated that the setting in which policy options are determined and choices made is one in which domestic and international forces interact (Katzenstein, 1977:587), it is the argument here that the domestic roots of modern trade policies are typically so important that the black box of the state must be opened up.

Third, it is argued that a new direction must be to broaden the scope of empirical inquiry in such positive political economy analysis and that the study of the European Union is an important, challenging and illuminating part of that process. The established literature is overwhelmingly centred on U.S. commercial policy and must be moved not only towards a fuller range of nation-states but also beyond the traditional state policy-maker as in the case of the EU and the "supranational" qualities of Community trade policy management. FEP has been classically state-centric (a point upon which its critics have seized) and must correct a paucity of studies of the foreign economic policy-making of international organisations and transnational regimes, if it is to respond to evident variance in terms of contemporary "actorness" or "agency" in the realm of international economic policy-making. The

study of the international trade policy-making of the European Community (the central pillar of the EU) can show the adaptability of key tenets of the work on FEP (especially its unit-level and cognate literatures) and offers powerful demonstration of the merits of both the new institutionalism in positive political economy and the capacity for the FEP literature to take on board new ideas and analytical devices from comparative policy analysis.

The present thesis then makes an important and original contribution in its construction of an analytical approach towards the study of international trade policy-making and towards the particular understanding of European Community commercial policy. From the starting point of a rejection of the sufficiency of macro-economic explanations of trade behaviour and from an evaluation of the explanatory power of leading "perspectives" in the theorisation of FEP- *systemic/structural; societal/micropolitical; neo-statist; institutional; and cognitive routes are identified here-* (see chapter one), a deliberate attempt is made to bring a neo-institutionalist mode of analysis to the fore in the study of FEP and within this to more systematically account for complexes or networks of policy actors, ideas and interests in European Community trade policy formulation. This characterising "nexus" comes to stand as a clear alternative to ascendant structuralist (macro-level) and utilitarian (micro-level) approaches to foreign economic policy analysis and as a working example of the eclectic use of "theory". Prominent elements of this FEP literature, primarily associable with neo-institutionalist and cognate literatures, are allied to notions of "policy networks" and "governance structures" (increasingly popular among comparative policy analysts) to provide a specific and original characterisation of the EC trade policy-making process and a basis for its comprehension. Compared to many models of foreign economic policy-making and indeed of European Union policy processes per se, complexity is added in this "multivariate" approach, but this is a "nexus" designed to capture the byzantine nature of the EU's multi-level system of governance and the genuine intricacies and sectoral variances of Community trade policy(ies). This not only brings the case of the European Union and certain FEP conceptual frameworks closer together in advancement of the FEP literature but also makes a

contribution to the reconceptualisation of the European Union and its decision-making given the "fall from grace" of neo-functionalism and intergovernmentalism as theories of European level decision-making processes (see Risse-Kappen, 1996). As Cram (1996) and Caporaso & Keeler (1995) have stressed, scholars are increasingly examining the functioning of the EU as a system of governance, are assuming that important institutional structures are in place whilst examining what goes on inside them, and are recognising that it is "important to focus" on "the day-to-day functioning of the EU as a polity" (Cram, 1996: 53).

Finally here, the promotion of this eclectic method in analysis of the EU case and of international trade policies more generally, adds further support, in addition to that provided by a range of observers (see principally chapter one) for the employment of historical institutionalism in contemporary policy analysis, and continues the address of the political role of ideas in International Relations and Comparative Policy literatures on actor behaviour (see Odell, 1982; Rohrlach, 1987; Sikkink, 1991; Goldstein & Keohane, 1993; & Majone, 1993). The utilisation of elements of network modelling (however informally) reveals fresh opportunities for the (re)assessment of the role of organised economic interests (and epistemic communities) in mature, institutionalised policy-making processes given the very real limitations of ascendant micro-political and public choice approaches to the political role of special interests in the FEP literature.

ii. The philosophy and epistemology of a political economy approach

In providing introduction to this thesis, the notion of an "integrative", "multivariate" and "open-institutionalist" approach to positive political economy analysis has been foremost. Though theoretical eclecticism may be far from the route to parsimonious explanation, we may echo Gilpin (1987:277) in his contention that it is sometimes "...the only route available." The degree of eclecticism characterising the thesis and its basis, as suggested above, reflects a reality of complex trade policy choices made in complex environments (in the EU's case one of multi-levelled governance and networks of

complex interactivity between private, governmental, transnational and supranational actors), and it is the consistent view of this thesis that the narrowly engineered perspectives of economistic trade theory and of the established study of FEP, simply fail to capture the wide array of trade policy inputs and impulses in modern and increasingly interdependent societies. The implications of this stance are several when tied in with a traditional historical mode of analysis directing attention to selected cases of political action and to an interpretation of that action. Any notion of "theory" in this context is clearly uncomfortable with the more rigorous definitions of "theory" associated with the natural sciences and with a traditional positivist theory of science. The natural sciences have been regarded traditionally as the epitome of rational knowledge and writers in the positivist tradition exemplify this view in stating a case for scientific explanation in the social sciences. Any theoretical framework which is, in its own terms, eclectic, which is historically grounded, and which rejects the applicability of generalised laws of political behaviour in favour of conditional or contingent theoretical claims is clearly outside of the "scientific tradition" (Reynolds, 1973). Moreover, we are at some distance here from an identification of causal explanatory links and of "covering" laws; at some distance from the empirical tenets of deductive logic, testability and verification [1]; and in sacrificing parsimony and a degree of predictive accuracy for richer "understanding", we must expect the charge that our approach lacks theoretical rigour or discipline.

What is at core here however is the difference between attempts to "understand" social phenomena (of which this thesis is an example) and those attempts to "explain" human actions and behaviour within the terms of causality and universal laws. This of course is one of the great debates of the history of social history and research, of methodologies in the human sciences. An "**understanding**" of social behaviour and human action has no universally accepted meaning and the relevant Aristotelean and interpretative traditions represent a broad history of ideas straddling Weberian, hermeneutic and historical-interpretative approaches (see Von Wright, 1971; Reynolds, 1973; and Hollis & Smith, 1991). At root however, understanding proceeds by rational reconstruction of rules and reasons for action from within (inside-out), by

assigning actions and outcomes, such as policy, to complexes of meanings, pressures and processes. These are appreciated only after the penetration of the black-box of the policy-making unit and the reconstruction of meaning at the individual level. This clearly contrasts with the nature of scientific "**explanation**" which can be seen as consisting of a set of propositions derived from a logical argument from which are established generalisations which explain the existence and behaviour of phenomena. Much study of international relations/political economy reveals this positivist epistemology, with explanation juxtaposed against understanding as a principal way to analyse international behaviour and to offer knowledge in this realm (Reynolds, 1973; and Hollis & Smith, 1991). Modern economics is effectively a positive economics and in international relations, not only realism "aspires to be a positive science", but behaviouralism is interpretable as a particular version of it "...with an austere view of what is testable." (Hollis & Smith, 1991: 12).

The use of the term understanding in this thesis thus carries with it certain meaning and is consistent with the methodologies employed and the knowledge claims made. The rigid positivism associable with the philosophy of causal explanation is firmly rejected here as a "neo-institutionalist" inspired analytical framework disaggregates the policy-making unit and reconstructs both institutional-dynamics and the underlying meanings and motivations of political action, attributing outcomes to complexes of meanings, motives, structures and pressures. The attempt is not to formulate a general theory of policy or behaviour but to understand through a focus on the inner world and dimensions of the policy-making unit and policy-maker (structural, intellectual and political). The relationships between the intentions and motives of actors, the environmental and structural elements which they confront, the content and nature of political outcomes in relation to cross-currents of ideas and interests and to institutional framing, these become the subject of analysis and the key to comprehension.

What we observe here then may well be "non-scientific" in a strictly positivist sense but it is not I argue, "unscientific". The form of understanding suggested here is,

"historical" and "conditional" in that actors are seen as moved by particular motives and impulses on particular and individually-conditioned occasions but it is also in a clear sense "explanatory" understanding in that action or policy is assigned to particular factors, reasons and meanings, albeit multiple ones. Furthermore, such a domestically-oriented political economy analysis may be located within an historical-interpretative tradition, but it remains what Odell (1990) has termed a "neo-positivist" theoretical approach in the sense that it is based on processes and principles that may be fairly described as scientific in character. Characteristic here is: a clear elaboration of assumptions and conditions; an intelligible explanation of events or empirical subject; an attentiveness to logical consistency; and a notion of explanatory autonomy. Moreover, a view that decisions are made rationally, in the sense of process rather than substance, remains very much in place.

There is thus clear bond between this institutionalist-led political economy approach and Reynold's (1973) broadly characterised historical-interpretative approach to international politics which, in the historian's own terms encompasses "...a level of generalisation which implicitly at least is theoretical." Reynold's interpretative historian, like the present analyst of foreign economic policy:

"seeks to make order out of chaos and to render complex events and behaviour intelligible [and] in so doing is involved in the application of concepts and assumptions, in creating a rational argument and in explaining why things happened as part of a larger explanation."

This is itself a part of a wider Aristotelean tradition in which causal or mechanistic explanation is passed over in favour of efforts to make outcomes understandable via processes of uncovering, delayering and association. The framing of cause-and-effect relationships is still characteristic but is relatively less deterministic and is typically "conditional" and multidimensional. There remains clear distance however between the epistemology of the analyst of foreign economic policy, both here and in general, from a hermeneutic-interpretative epistemology identified with an understanding that human beings are "fundamentally self-interpreting and self-defining" (Rabinow &

Sullivan, 1987: 07) and a Wincheian logic that "our idea of what belongs to the realm of reality is given for us in the concepts which we use." (Winch, 1958: 15).

iii. The empirical domain: examining European Community trade policy

The globalisation of economic activity and the resulting interdependencies and interlinkages between countries seriously curtail the ability of individual governments to carry out autonomous economic policies and to implement effective national regulation. The advent of a common European trade policy (the common commercial policy of the member states of the European Communities) within a spread of European regional co-operation and integration initiatives is in part a response to this reality. At one level, it is a reflection of the fact that extensive and binding forms of joint macro-economic management and regulation are the logical outcome of situations of sustained economic interlinkage and interdependence in contemporary economy. Indeed, much as the growth of intra-regional trade and efficiency-based reasoning (i.e., the logic of comparative advantage and the pursuit of economies of scale) have propelled the EU member states towards a Single European Market (SEM), so a synergy of national trading interests and the attraction of common influence within international fora has encouraged and sustained a commonality in external trade policy and diplomacy.

It is this trade policy of the European Community - powers in this area of economic policy-making are ascribed specifically and exclusively to the Community institutions (see chapters two and three) - that represents the empirical domain of this thesis. It is a critical purpose of the thesis, in demonstration of formative arguments concerning the role of institutions, ideas, and interests in policy formulation, to provide an understanding of policy and policy change in its particular case, with analysis directed both to aspects of regional and multilateral trade strategies over the last decade (see below). This study of the case of the European Community is one of the thesis' "original" and characterising contributions to knowledge and learning. The study of foreign economic policy (FEP) has been dominated by investigation of the United

States' international commercial and monetary policies (see chapter one) and the transposition, testing and "stretching" of many of the ideas and principles of a domestically-oriented U.S. led FEP to other settings, is long overdue given an ambition of illuminating something more than the contours of U.S. administration and policy-making in a recognisably international trade policy literature. In particular, a scarcity of work on the EC as a unit in international trade policy formulation and trade negotiation is a "gaping hole" in the present literature. It is a certain consequence of this U.S.-centred history of study in this area that:

"[A] reader who wants to understand why it [the EC] makes external trade policy as it does, and responds to demands or offers as it does, will have difficulty locating comparable recent studies," (Odell, 1990:162).

The case of the European Union/Community, is a unique one of transnational lego-institutional structures encompassing several layers of action (sub-national, national, transnational, and supranational) and of supranational policy management. As an explanatory note, whilst the European Community (EC) is now integrated within the European Union (EU), the earlier term is retained in this thesis during specific discussion of trade policy and diplomacy since it is largely current for the period under consideration and since, in commercial affairs, it is the Community "pillar" that exercises policy-making authority for the Union. Its identification and conceptualisation here as a multilevel structure of governance where private, governmental, transnational and supranational actors "deal with each other in highly complex networks of varying density" (Risse-Kappen, 1996: 62), underscores early arguments as to the importance of domestic institutional and organisational structures in foreign economic policy (one drawn through analysis of the existing FEP literature) and provides a particular account of Community trade policy-making, rooted in that understanding and attuned to the particular qualities of the European model. Unquestionably, it poses clear conceptual challenges in the study of "foreign" or international economic policy-making (as pursued in chapter two), and provides a real "test" of the applicability and adaptability of the trade policy literature in its presentation of governance and regulation "above the nation state", and an original contribution to its growth. Its selection also provides something of a correction of

present boundaries in analysis of EC commercial policy where existing studies have tended to focus on its legal and economic dimensions (see chapter two).

Regional & multilateral aspects

The notion of a Community trade policy or set of trade policies encompassing regional and multilateral dimensions requires careful explanation at this stage. As noted earlier in this introduction, the present thesis is concerned both with Community regional and multilateral trade strategies, or aspects of them. Analysts have presented the Community on many occasions as "reconciling" regional and multilateral trade liberalisation and repeated study suggests that both multilateral and regional approaches are necessary to promote trade liberalisation. In repeated communications to the GATT and by the Commission of the European Communities to the EU's own Council of Ministers, the Commission has highlighted that though multilateral liberalisation is in the EU interest and whilst the member states recognise the need for strengthened GATT/WTO rules, there remains the need to pursue bilateral or minilateral free trade agreements and other forms of commercial agreement in order to bolster the EU presence in fast growing economies, to attenuate the "threat" of others establishing privileged relations with countries of special importance to the Union, and in order to promote strategic considerations of an economic and political nature. Developing and reinforcing links with regional partners and with other regional sub-groups especially has also been thought of as helping to ensure that Community integration occurs in a way compatible with EU interests and of promoting growth and stability on the European continent (see WTO 1995a: 18).

This dynamic has been presented by Howell, Gwynn & Gadbow (1992:425-430) in terms of the Community's contemporary design and management of analytically separable but fundamentally inter-related "regional" and "multilateral" trade strategies. From their perspective, and this is one endorsed by the present commentator, the Community began to shift in the late 1980s towards emphasis on a more uniform system of regional trading arrangements as well as the strengthening of

the multilateral trading regime. This has been part-and-parcel of the post cold-war re-ordering of both European and international society, the escalation of international trade disputes, and of the centralisation of European trading authority (attested to in chapter three of this thesis). Additional influences here also include the liberal impetus of the SEM initiative, the new favour for legalistic and transparent trade arrangements ahead of traditional national bilateral grey measures and controls (among the members of the EC Council and Commission), and the growth in internal Community support for effective international dispute settlement given a trend towards controversial unilateral remedy action in the United States (Super 301) and elsewhere.

Within this the Community has confronted important trade policy questions at a regional level leading to the consolidation and significant expansion over recent years of a multi-layered network of free-trade, association, and other preferential agreements between the EU and its regional trading partners. Though effectively involving a series of separate bilateral negotiations and processes, a recognisable element of this process has been "the pressure on the Community to deal with them (the regional partners) as broad classes receiving a rough uniformity of consideration rather than through particularist and obscure bilateral understandings" (Howell, Gwynn & Gadbaw, 1992:424). A system based heavily on complex, individuated bilateral and sectoral arrangements has therefore been progressively substituted with a more uniform, transparent set of cross-sectoral regional arrangements underpinned by the principle of asymmetric trade liberalisation (see chapter six). The centre-piece of the Community's internal market has consequently been placed at the heart of a mosaic of preference extensions, discriminations and gradated commercial privileges that encompass the grouping together of small sets of similarly treated regional partners (see Mercado, 1996). Principal here is an extended European Economic Area-EEA- (adding services to the substance of an earlier EC-EFTA free-trade agreement), an evolving Euro-Mediterranean economic area (EMEA), and an emergent free trade zone incorporating the EU and numerous Central and East European economies, or CEECs.

Within this set of "regional developments", it is a specific investigation of the emergence of the so-called EC-CEEC "Europe Agreements of Association" (and of related commercial policies and negotiations), that stands as a central element of the present thesis, and as a part of the empirical test of underpinning thesis arguments concerning the political economy of Community trade policy and the understanding of international commercial strategies. Analysis of the evolution of these agreements and their negotiation in chapter six of this thesis, provides much needed insight into the political economy of Community commercial policy-making and, as with the analysis of multilateral strategies (see below), investigation provides powerful support and illustration of the central and shaping role played in policy formulation by the Community's characterising institutional complexities and structures, by the bargaining power and initiative of central institutional actors, by elaborate network processes, and by the institutionalised competition of policy ideas and interests.

The alternative analysis of multilateral trade strategies in this thesis concentrates on the development and formulation of textiles-trade and agri-trade policies in the context of the Uruguay Round of multilateral trade negotiations (the focal point of international commercial policy and negotiation over this period). Investigation here (see chapters four and five) offers initial evidence of the explanatory power of these variables and a demonstration of their operation in a further set of external negotiating processes. It is important to note here that whilst the Community has faced criticism that its regional and other preferential initiatives are discriminating and threatening to GATT-based multilateralism, the Community has counterbalanced its energy and inventiveness in terms of regional strategy and diplomacy over recent years with a central and dominating role in the Uruguay Round negotiations. This has encompassed something of a revision of its view of the GATT, with Community leaders having modified their view of it "as a potential impediment to their own freedom of action" (Howell et al., 1992:424) and having begun to see it as a potentially important constraint on the actions of its main rivals.

"Accordingly, they have placed greater emphasis on strengthening the GATT system and casting multilateral rules to the Community's advantage." (Howell et al., 1992:425).

A concentration on the Uruguay Round offers a particularly good opportunity of gauging how current and evolving EC trade policies are "shaped", "set" and "conducted". It offers bold illustration of how the Community's approach to external negotiations is shaped by expectations as to what it can achieve and by the difficulty it has in reconciling national and institutional interests, the beliefs and ideas of those inside the policy-making Community, and the demands of those "stakeholders" or "organised economic interests" on the boundaries of the polity itself. It reveals the strong extent to which process determines substance with the multilateral setting and multi-levelled processes of external and internal negotiations imposing limits both on the scope and speed of commercial decision-making. Ultimately, what is again demonstrated is the way in which the abilities of actors and ideas to shape the European trade policy agenda is profoundly and consistently influenced by the effects of complex multi-levelled organisational structures, technocratic decision-making procedures, and (intra- and inter-) institutional dynamics. These are Community "system qualities" which have of course been accurately assessed as contributive to a conservatism and general inertia in much modern European trade policy (Preeg, 1970; Patterson, 1983; & Ostry, 1990). The focus within this: agriculture and textiles (in a round of fifteen negotiating groups over nearly eight years, it is not possible to deal in detail with each) again demonstrates the variance and diffusion of trade policy-making in the EC domain (there is no single policy-making framework covering all Community trade decisions nor a single trade policy network), but powerfully underscores the consistent centrality of these domestic roots and their interplay to established trade policy outcomes.

In conclusion here, in selecting one trade policy-maker and a collection of policy issues and negotiating processes over nearly a decade, and in investigating these in detail, it is hoped that the thesis will prove useful to succeeding analysts of foreign economic policy formulation in other settings, whilst also contributing to our understanding of EC decision-making as presently developed by international relations and political

science (or 'comparative politics'). This hope lies not simply with the potential rewards of an essentially neo-institutionalist research programme, the validity of which is established in particularised context here, but equally with the extent to which the thesis addresses conceptual challenges in the study of "foreign" or international economic policy as raised by the development of governance and regulatory systems above the nation-state.

iv. Policy and policy analysis

In seeking to clarify interpretations and definitions of "policy" in this project it seems sensible to start with the positions taken in two principle examples of successful positive political economy analysis of international economic policy-making, from which, in this element, I derive basic position. In a much-referenced analysis of US international monetary policy, John. S. Odell (1982) takes the term "policy" to mean a course of action or inaction moving through time and argues that a policy is "...identified by observing actual behaviour of the national government as a whole according to the observer's criteria,". Underlying this position are assumptions concerning the agency of policy (the state) and the epistemological matter of how to interpret evidence. Actual behaviour is observed according to the observer's criteria and is not defined to include the "intentions behind the behaviour" but, rather, is made understandable, in some part at least, through their interpretation.

This seems to me to offer clear direction if some distraction. Policy is best understood as "a course of action" observable in terms of broad direction or directional change, and intentions behind behaviour which may be identified on the basis of testimony, consistency and interpretation, are certainly in their presence or absence thereof part of the "understanding" of political outcomes. Understanding is again connected with intentionality in a way explanation is not. Nonetheless, national governments are neither the sole guardians of policy-making authority nor are they necessary or actual "wholes" with contemporary advanced international policy-making systems invariably archipelagos of competing, semi-autonomous agencies and fiefdoms.

"Outcomes", in this context, be these defined as "political" or "policy", are essentially considered here in the sense that Odell identifies courses of action or inaction in terms of resulting, observable steps and directions. Shaping these of course are both exogenous factors (i.e. macroeconomic forces and the actions, powers and influence of third parties) and endogenous forces including, the substance of process, configurations of interest and ideology, domestic politicking, and the matter of the resources and/or instrumentation which policy-makers may command, or which they may evolve.

There are dangers of course in being too deliberate in the separation of aspects or elements of policy. Katzenstein (1978) suggests, "...in reality the ends and the means of a policy always fuse" and certainly the adoption, promotion and defence of particular policy instruments ranging from traditional instruments (e.g. tariffs and quotas) to lego-institutional initiative, can itself become an objective of policy or indeed an "outcome". Nevertheless, in tackling policy formulation and its understanding, such consciousness is useful as is an appreciation that there is possible distinction between "decision types". There is an echo of Peterson (1992 & 1995a) in this work in terms of an differentiation at points between those "policy setting" decisions that define laws (legislative) and action lines or mandates after a universe of options has been defined, and those meso-level or "policy shaping" decisions, which are taken at relatively early stages of policy processes when options or proposals are being recommended and/or formulated. Such attention is indeed a feature of the neo-institutionalist and policy networks literatures (of which Peterson is a prominent part) which serve as leading influences in the present project.

v. Methodology and the genesis of a research programme

Much as quantitative methodology is the hallmark of that scientific tradition to social research considered earlier in this introductory section to the thesis, qualitative analysis is associated with the methodological thinking identified here with attempts to "understand" social phenomenon. As Henwood and Pidgeon (1993: 14) put it: "the

quantity-quality debate has been anchored within two apparently opposed epistemological positions" and particular research methods, qualitative and quantitative, lend themselves to conclusions on epistemological issues and to positions taken within the explanation versus understanding debate. Much as experimental, abstract-modelling, and hypothetico-deductive methods are the principal means by which causal relationships and behavioural laws are quantitatively established, so modalities and techniques of qualitative research are readily associated with attempts to provide richer understandings of events and actions under a rejection of the natural science approach. Here, such modalities and techniques include data gathering through the techniques of interview and observation study (first- and second-hand), documentary retrieval/analysis, and though not in this study, the study of archival material, ethnographic study and practical field work.

Such methods may be justified on epistemological grounds, but those from within this range adopted and exploited in this research project, have been selected here on the grounds of pragmatism, practicality and utility. We cannot learn realistically of how international trade policies are made through laboratory experimentation or by hypothetically deducing that, for example, decision-makers are rent-seekers within a constructed market for protection with analogies between power, utility and money. This has been attempted without convincing result, as I detail in chapter one. In contrast by observing and/or tracking decision-making and institutional processes, by combining fresh insights with existing observations available as 'secondary sources', by learning from official, private and public documentation, and by interviewing decision-making actors directly, we may more reasonably expect to appreciate the textures of decision-making and policy development and to offer richer "understanding" of international economic policy-making. One is persuaded by the

view of Bryman (1988) as represented in a contribution to Hammersley ed. (1993:17):

"..[that] the researcher should bear in mind that methods are not so much valid in and of themselves, but rather will be more or less useful for particular research purposes" [2]

and of Watson's (1986) related observation that researchers have become obsessed with scientific method to the detriment of "critical commonsense".

The single-case study method, here an investigation of European Community external commercial policy and policy formulation, is traditional in qualitative research and classical to the research of foreign economic policies as also illuminated in chapter one of the thesis. As with the majority of social research studies in this tradition, and consistent with earlier and subsequent argument here, the attempt, is to produce a coherent and illuminating description of and perspective on a situation and set of events and actions that is based on and consistent with detailed study of that subject. This is without expectation that other researchers in similar or comparable focus would replicate conclusions and findings but with the possibility that ideas and conclusions might stimulate further research, in turn further validating the descriptive and conceptual components of the study [3]. Its construction through the use of primary (interview and observational evidence) and extensive secondary sources has represented a major undertaking driven by a critical purpose of understanding what underlies "foreign" or external economic behaviour, and in particular what influences and motivates policy-making units to act as they do in the realm of trade policy.

Secondary sources and the use of documentation

The role of existing analytical studies and documentary analysis is central here, and for the sake of analytical convenience, sub-divisions can be made as follows between: a) academic publications (theoretical and/or empirical), b) journalistic publications and reportage, and c) official and organisational documentation.

In this research project I have drawn on a variety of academic works and publications across a range of social sciences. This has encompassed review and consideration of published texts and chapters in edited volumes as well as extensive attention and reference to scholarly contributions in refereed journals, centrally in the areas of comparative politics, international relations, political economy, and European studies

research. The endeavour has been to identify as wide a range of literature as possible as relevant to issues of international economy, policy-making and political process, markets, power and organisation, though with due concentration on the U.S.-dominated literature on foreign economic policy (FEP) and on conceptual frameworks previously applied to the policy-making processes of the European Community/Union. Much of the debate over foreign economic policy has been carried out within the journal 'International Organisation' and this title and related works are heavily referenced throughout the thesis with issue taken with several attempts to offer realist-structural, micro-political and statist interpretations of behaviour in this American publication.

Journalistic publications and reportage are also heavily utilised in this work, representing valuable interpretations and chronologies of events often by figures "close to the action", for instance in Brussels, New York and Geneva. The process of using such documentation is complicated by tendencies towards sensationalism and politicisation in much reporting on trade diplomacy and negotiations but through careful processes of "sifting" and cross-referencing and through analysis of various "news-press" (e.g. The Financial Times), "magazine" (e.g. The Economist) and "trade" titles (e.g. Textiles Asia), consistencies and controversies in explanation and opinion are observable in monitor of relevant events and actions.

Official documentation such as GATT/WTO reports, Reports and Communications of The Commission of the European Communities, the Official Bulletin of the European Communities/Union, and the several titles and data collections published by Eurostat (the statistical office of the EC) have also been significant resources for this research project. Such publicly available documentation has been coupled here with analysis of available internal records, press releases and documents held freely in Commission directorate libraries and the documentation centres of individual Brussels directorates-general. In several instances, such documentation has valuably revealed lines of internal Community communications and summaries of interim "Community positions" on relevant issues.

Interview evidence

A central element of my research programme has been interview work directed towards those actors directly involved in trade policy-making or commercial diplomacy. I found that the essentials of problems, interests and processes related to the project could be gathered in considerable part through such activity and that typically, interviews gave an outline narrative of main events, happenings and issues of some considerable utility. This interviewing has raised a combination of methodological, personal and political issues including the overcoming of anxieties about the purpose of the research and of personal skills and interview performance (in terms of inquisition, interviewee and materials management). The core of interviewing was conducted in late 1993 in Brussels with supplementary interviews conducted by telephone or person in London (see Appendix 1). Interviewees included national commercial and agricultural counsellors in European UK embassies; Commission officials in the most relevant directorates and units in Brussels; a member of the Community's own trade policy analysis and research unit (DG-1); members of the European parliament (EP) with involvement in the EP's external relations committee (REX); and US trade officials at the American representational offices in Brussels. Formal interviews have been supplemented by several informal contacts and discussions with officials and academics over the period of the research programme including discussions with policy practitioners and fellow academics at a forum on the outcome of the Uruguay Round at Kings College, London in 1994 under the auspices of the University Association of Contemporary European Studies (UACES).

With the exception of tele-interviews, I contacted prospective interviewees initially by letter or facsimile which introduced myself, affiliation and the research. I then made appointment to interview them at a pre-arranged time, substituting candidates where possible when events negated the possibility of scheduled interview. All the interviews were tape recorded unless the interviewee requested otherwise, with interviewees typically willing to proceed along this route with requested interruptions

where statements were chosen to be made without recording. All interviews were based upon a flexible list of questions to be covered during the interview rather than a formal schema or survey-type questionnaire [4]. Although we have a collection of possible factors that influence decision-making processes as well as an interpretation of events, we have no single theory predicting the relationships between such factors and actual decision-making and no certainty of the range or nature of responses that are to follow or of their likely quality. The extreme of a formally structured interview therefore, limiting the number and type of responses, seemed entirely ill-suited to this research exercise whilst in this context at least, where interviewees are typically acting as officials or as public representatives, the potential or purpose of completely unstructured interviews was lost in the basic requirement of the interviewer to make some sort of introduction of themselves, of subject interest, to condition questions in accordance with prior interests, and to maximise interviewer-interviewee interaction. The unstructured type of interview and the degree of interview interaction are discussed in detail by Spradley (1979).

Some critical observations

Working with "secondary sources" of the kind identified naturally raises several arguments about the nature and reliability of evidence, moving us on to arguments about the incompatibility between classical conceptions of external validity and aspects of qualitative research. These questions are legitimate to the extent that such publications and documents are respectively "interpretative" and "selective" (both in fact and content) and to the degree that in function, argument, availability and form, there is possibility of political motivation and/or mis-representation of "the facts". A root positivistic challenge may be that such evidence is unreliable and untestable and that accounts of policy and behaviour represent mere descriptions or "story-telling" and are likely very much influenced by the author's individual attributes and perspectives. This would apply both to the current project and to utilised pre-existing analysis of a qualitative nature. Equally the reliance upon observational insights and interview evidence as primary material may be challenged on the above grounds, on

the basis that "evidence" may be manipulated or inferred to support the way the researcher depicts the situation or portrays events, and on the grounds that questioning may be structured so as to influence responses and discussion along the lines of the researcher's assumptions, pre-conceptions and hypothesis.

Such arguments are compelling only if the qualitative researcher fails to be conscious of such limitations to his/her method and fails to guard against them as best as is possible. They would be more persuasive if better results or more reliable evidence could be yielded by alternative, quantitative and abstractionist methodologies associated with a "scientific" approach to the human sciences. And they are valid only to the degree that testability, objectivity and prior theory are realisable or practical. Here I make a few short arguments that are picked up and developed in later sections of the thesis.

Policy analysis and an understanding of policy formulation in the area of trade and external economics cannot be better achieved through a "scientific" approach and a rejection of qualitative research methodologies. As chapter one will elaborate, where macro-level theorisation in international trade theory and international realism has relied on abstract modelling and theorising about structure and/or a hypothetico-deductive logic (derivative from a scientific approach), the understanding of the subject has been disappointing. Moreover, the qualitative researcher can be disciplined in several respects (note my earlier observations on Odell's reference to a "neo-positivist" epistemology in FEP) and be attuned to the limitations of method and evidence. Self-questioning - *does the evidence support the way in which I have depicted events or process ? Can this be taken as reliable and do I have any corroborating evidence ?* - is not untypical of qualitative research and has been consistent here to the point that preconceptions have been broken down and theoretical postures modified. More seriously, reality is not defined as consisting of a world of objectively defined facts as I have argued clearly in earlier comment on the differences between explanation and understanding, whilst an assumption that prior theory should be tested is removed

from what is generally the evolution of theory or a "theoretical approach" in qualitative research.

The final balance of this methodological approach to the study of this subject matter as with the development and elaboration of a theoretical position on the analysis of trade policy formulation, has evolved from uncertain beginnings. In what has been described as the "naturalistic paradigm" of interpretative epistemology and qualitative methodology, we are reminded that '...for a variety of reasons, (social) researchers may be unwilling or unable to fully specify their theoretical concerns in advance of the study', the tradition to "move from data towards theory" contrasting with the scientific tradition where "a priori theory is seen to direct the processes of collection, analysis, and interpretation of data." (Henwood & Pidgeon, 1993: 19). This research project has reached its central concerns and arguments through such a movement from data (or evidence) to theory. In a creative process I have moved from the starting point of a set of initial questions and inquiries, underdeveloped in terms of theoretical concerns:

- *what drives the trading behaviour of states ?;*
- *how far is EC trade policy driven by national, regional & global needs ?*
- *how different is the trade policy of the European Community, in the sense of its management and formulation, to that of state trade policy-makers ?*
- *how useful are existing conceptual frameworks, as applied to EC decision-making, to an understanding of the Community's international economic policies ?*

It is only through a movement through data and evidence through an exploration of these and auxiliary questions that a clear and explicitly theoretical set of arguments and postulates concerning the analysis and understanding of international trade policies has emerged. The evidence of the profound consequence of ideas, institutions and interests in the shaping of EC trade policy and policy change (as with other international actors), can be said to have suggested a basis to investigation and concentration located in the world and debates of FEP. The consequence of domestic and institutionally-located variables in both EC and U.S. international economic policy

(study of the U.S. dominated the available literature) moved me progressively towards a concentration on institutional actors, decision-making processes and inter-branch dynamics as well as to a set of practicable research methods. And my approach was progressively influenced by a reconceptualisation of the EU (principally by comparative policy analysts) as a multi-level system of governance characterised by densely institutionalised policy networks combining public and private actors at and across several levels of action and authority. This then is an example of what Henwood and Pidgeon (1993: 19), in a very different focus on qualitative research and psychology, have termed the "generation or discovery of theory".

vi. Boundaries under fire

It is in such emphasis and in the application of an integrative "institutionalist" approach to the study of European Community commercial policy, that the essence and originality of this research project is ultimately established. Organising the facts of foreign economic policy and explaining direction and change in foreign economic policy is nothing new and concentrations on the role of institutions (and ideas and interests) in the shaping of public policies, indeed of trade policies, is clearly with precedent with some configuration of all these elements, and more besides, in the eclectic foreign policy and foreign economic policy analyses of Destler (1986), Checkel (1993), Sikkink (1991), Goldstein (1986; 1988; & 1989), and Mares (1990). What is offered however is a form of institutionalist-led political economy analysis which is distinguishable from such contributions and from wider "neo-institutionalist" writings, both in an application to a different and challenging case (the model and commercial policy of the European Community) and in the nature of its incorporation of "insights" from inside and outside the FEP literature, principally from a nascent cognate literature in the study of FEP and international policy co-ordination, and from "policy" or "inter-organisational" network analysis.

The resulting approach is rooted in exercises of boundary setting (including "institutional mapping" and the establishment of institutional mixes) and in "decision

tracking" and "process tracing". It turns on an account of how political institutions contribute, contextualise and structure policy ideas and recommendations, and engage with private actors/institutions associable with activated organised economic interests and/or expert opinion. Within this, network processes, and inter-institutional dynamics are conceived and "tracked" so as to achieve a careful attention to institutional leadership, bargaining and discursive processes (at and across different levels of governance, administration, interest formation and aggregation), and so as to integrate the reality of inter- and intra-institutional processes and bargaining. This leads to the identification of the EC case first with complexes of institutional actors engaged in multi-levelled processes of bargaining, agenda formulation and policy setting, and second with the notion of institutional structuration and mediation (of ideas and interests) and of policy leadership on the part of central institutional actors.

In developing this relationship and interplay between institutional structures, inter-organisational dynamics, policy ideas and values, a move is made away from ascendant economic, micro-political and structural explanations of trade policy formulation, marking a new direction in FEP analysis. And in evolving the argument through an original disciplined case-study of EC external trade policy, the thesis again makes an original contribution to knowledge and challenges boundaries in analysis. In discussion of the empirical domain of this thesis several points have already been made about a paucity of studies of Community commercial policy formulation relative say to study of American and Japanese policy development, whilst the importance of deeper understanding of EC policy and diplomacy in general terms has already been stressed here.

It is in the extension of FEP concepts to the unique complexities and supranationality of the Community model that original and critical purpose lies however. The key here is the progression of institutionalist political economy (itself very different from what are recognised as "institutional" approaches in IR) and within this, the retheorisation of the state as an organisational structure consisting of institutions of governance and a set of rules, laws, ideas and procedures. The institutionalist political economy

approach, like other FEP approaches, has been previously developed and tested in relation to the state and it is only here that this or any other FEP approach is seriously adapted to a model of supranational policy-making and management. However complex the organisation and however distinctive the European Community is as an interlocutor and policy-maker in international trade, the existence of an institutionalised and legally governed trade policy system and a fluid set of trade policy interests and objectives enables the construction of an institutionalist-led political economy approach to its case with systematic analysis of the interaction of ideas, interests and institutions within determinable institutionally-dense policy networks, the basis of investigation and final understanding. When we approach the construction or actual formulation of EC trade policy we confront a division of powers and responsibilities which is truly Byzantine, multi-tiered policy processes founded on a complex sets of checks and balances, and a heterogeneous set of ideas and beliefs internalised within that system as either embedded values or policy prescriptions/recommendations. The tools to its understanding lie in the pushing back of boundaries in the study of foreign economic policies and the integration of institutionalist, cognitive and organisational modes of inquiry familiar to those working that terrain with new approaches to our investigation of the Community model.

This is what this thesis has been designed to achieve bringing together, in original fashion, the conceptual frameworks, analytical devices and conclusions of separable worlds of scholasticism and theorisation. It culminates a five-year period of research sponsored kindly and enthusiastically by the Department of International Relations, Nottingham Trent University (and latterly by the Nottingham Business School) and, in its author's view, is an original contribution to the necessary evolution of both the study of foreign economic policy and the study of trade policy and governance in the European Union. Here, to date, the various approaches previously developed have been ill-equipped (in isolation at least) to capture either the textures of commercial policy-making, the central focus of FEP, or the complexities of the EU as a political arena and policy-making system.

INTRODUCTION NOTES

[1] A belief in the essential unity of scientific method is one of the fundamental ideas of positivist philosophy. The methodological monism of this philosophy of science is most typically represented by Auguste Comte and John Stuart Mill but extends through nineteenth and twentieth century social research with its characteristically causal view of scientific explanation and stress upon general laws. The epitome of positivism may well be "logical positivism" as represented in the empiricism and the stress on experience, observation and testing in the work of the Vienna Circle. von Wright (1971) provides an overview of the positivist or "Galilean" tradition in interesting style, and juxtaposes this scientific tradition with an Aristotelian history of ideas which depicts hermeneutics (Droysen, Dilthey, Simmel, & Weber), neo-Kantism and interpretive historicism (Wickelband, Croce, & Collingwood) as the "modern" expression of an anti-positivist trend in methodology.

[2] Henwood & Pidgeon (1993) warn of potential danger in minimizing the epistemological dimension to the issue as prompted by Bryman's (1988) less-advised postulate that the distinction between qualitative and quantitative research is really a technical matter.

[3] Schofield (1993) puts this at the heart of traditional qualitative research.

[4] My framing of method here is influenced by my reading of Finch (1993) and her discussion of the ethics and politics of interviewing.

CHAPTER ONE: PERSPECTIVES ON THE POLITICAL ECONOMY OF TRADE

INTRODUCTION

If we ask 'why does protectionism appear?' or 'why is a particular foreign economic policy adopted?', we cannot find an accurate answer in the assumptions of traditional free-trade theory alone, or indeed in the terms of much current economic literature on trade behaviour. The central purpose of the present chapter is to explain this argument (section 1.1) and to demonstrate that more satisfactory answers to the above questions are to be found among the actors and processes in the political system and in questions about its processes and context. In short, this chapter concerns itself with the requisite of social, political and economic understanding in contemporary trade policy analysis, explaining the nature and history of political economy explanation in this field (section 1.2) and evaluating the welter of analytical approaches to the understanding of foreign economic policy processes (see section 1.3). Its conclusions (see section 1.4) form the foundation of the subsequent analysis of European Community decision-making and EC commercial policy where a neo-institutionalist mode of policy investigation is progressively advanced, integrating or combining insights from the institutional and cognitive approaches to FEP with select ideas associated with comparative political analysis and public policy theory.

1.1. THE STUDY OF FOREIGN ECONOMIC POLICY-MAKING: WHY POLITICAL ECONOMY ?

Introduction to this thesis located the present study with the explosion of political economy approaches to the category of the foreign economic policies of governments (FEP). This form and level of analysis stands as an important part of the development of a modern political-economy literature focused, in most general terms, on the relationship between the political and economic domains in contemporary international society (IPE). As IPE has itself found character in the examination and

explanation of that intimate connection between the control of economic resources and the exercise of political power in the international system, so the nature of contemporary FEP analysis is, at one level, an incorporation of politically-led explanation into integrative address of "foreign" economic policy-making. Select economists have joined with a legion of political scientists in constructing a new "political economy" of foreign economic policy attentive to the extraeconomic privileging of international trade and monetary policy as well as to the market forces and economic incentives underlying actor behaviour in the realm of international economics.

Whilst section 1.2 details the intellectual heritage of this "sub-discipline", it is clear that the growth in the political economy analysis of trade has, in large part, been a direct response to the exposed deficiencies and limitations (in the descriptive sense) of the liberal economic orthodoxy underpinning international trade theory and the bulk of economistic analysis it has spawned. The 'descriptive' content is judged here as the identification of particular factors or endowments central to commercial patterns and policy choices. This enters a distinction between the descriptive content of orthodox economic theory and a 'normative' content taken here to mean the establishment of a set of circumstances under which trade is deemed as advantageous.

Cohen (1990) has remarked for example that:

"For economists trained in the conventional neoclassical tradition, the subject of international trade is inherently frustrating...Rarely in the economics profession do we encounter greater dissonance between what we are taught in principle and what we observe in practice. And try as we might to find reasons for all this in the tenets of our own discipline ultimately we are tempted simply to throw up our hands and proclaim 'It's all politics !'."

Indeed, for many political scientists, the grave "dissonance" between contemporary commercial realities on the one hand, and the assumptions and expectations of trade theory on the other, is the product of the false assumptions, idealized conditions and absent explicit political analysis that characterize economic theories of trade and

commercial behaviour. With critique of the idealised conditions of perfect competition and unrestricted exchange in the pure and neo-classical models firmly established (see for example Barry-Jones, 1982; & Kuttner, 1983), even the revision of the liberal orthodoxy in the shape of the strategic trade policy theory of the 1980s (see principally Krugman, 1986), has not overcome the need for a stronger conception of international trade and an enabling of explicit political analysis. Criticisms have been levelled against the sensitivity of key assumptions in the strategic trade policy literature, the probability of the political influencing of decisions, and against the risks involved in identifying and targeting specific industries. Critics have also noted the absence of necessary information for strategic policy-making according to the terms of the strategic models, and evident practical limitations, not least in the threat of retaliation (see, Richardson, 1990; & Grossman, 1986).

It is clear that where economists have responded to this need, in the form of international public choice or endogenous trade theory (Magee and Young, 1987; and Baldwin, 1985), narrow economic analysis has given way to an endogenous and not epiphenomenal treatment of social and political factors. Where this has not followed, the absent or underdeveloped political analysis, combined with the narrow concentration of macro-economic modelling (e.g. corporate preferences and inter-industry patterns of protection), and/or the contestability of key tenets of trade theory, has left us with little insight into the realities and subtleties of trade policy formulation where political imperatives, the political process and ideology play their part. This is not to say that the insights given by economic analysis into the effects of alternative trade policies and into the economic impacts of trade policies on various interest groups should be disregarded. Rather, it is to recognise, as many economists have done, that whatever the weight of external market pressures, of economic interest, and of efficiency-/rent-calculation in the shaping of policy, an interest in policy formulation cannot be satisfied without central examination of the politics of trade and of the "policy process" (formal framework, decision environments, political dynamics, constitution of interests etc.). That however far

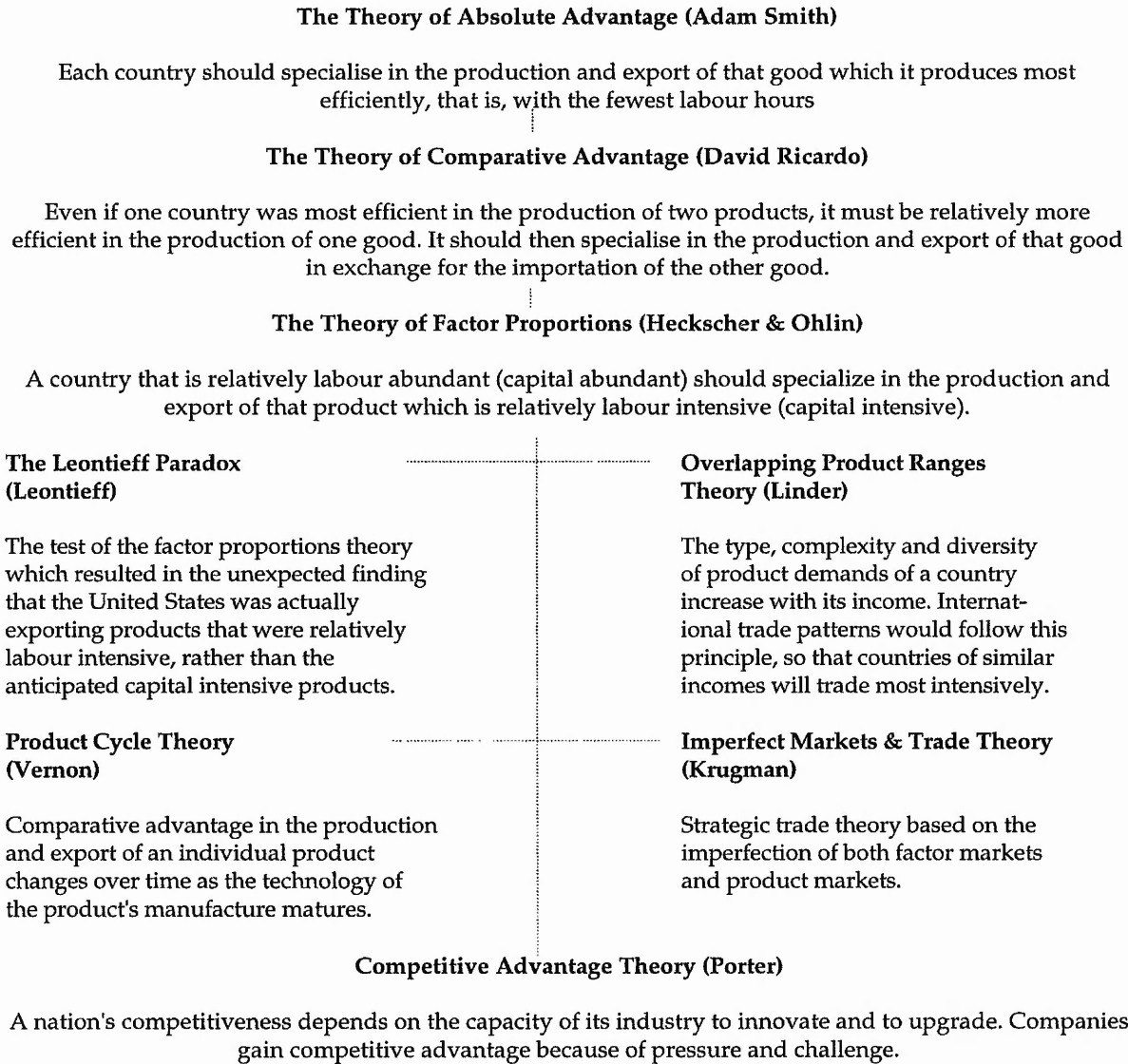
macro-economic conditions influence the demand for trade barriers, with "bad times", sectoral imbalances, declining trade balances and pressures of exchange rate movements all apparently contributing to demands for protectionism in isolated cases (see Ray, 1981; Gallorati, 1985; Takasc 1981; Grilli, 1983, Martijn, 1989; Bergsten, 1982; Bergsten & Williamson, 1983; & Dornbusch & Frankel, 1987), the requisite of an explicit attention and focus on non-economic policy sources is simply beyond the limited reach of economistic analysis.

The conclusion to be drawn is a very clear one. Despite the utility of these insights, as questions about extraeconomic forces, market pressures, and the policy process combine, the imperative becomes a political economy approach characterised by a study of economic, social and political conditions and structures, and their effective interaction (Odell & Willett, 1990:001). Economics does not after all hold the explanation of government behaviour to be "its central task" (Odell, 1982: 20), and though one should not lose sight of the progressive sophistication of international trade theory (see figure 1.1) and the importance of judging the adequacy of a theory in terms of the particular uses to which it can be put, in terms of its utility for positive policy analysis, and this is the issue here, we cannot overlook this limitation.

In the final analysis, the charge is not one of the bankruptcy of economic science in the exercise of understanding foreign economic policies and their genesis, nor is it a rejection of the capacity of international trade theories to tackle the question of why countries trade (though clearly there are problems here too). Rather, what is at issue is the "relative poverty" of economic modelling where the specific task is an understanding of policy and policy formulation. Too much that we know to be important to political outcomes and interest calculations relating to trade issues and practice is left out in such work (e.g. political process, power and security concerns, political rents, and ideology), leaving an incomplete basis for analysis and often parsimonious reliance upon mechanical (often single-factor) 'causal' explanations of political outcomes [1].

It is then in this context that the case for political economy explanation of trade policy is established, returning us to our point of departure in this chapter, the nature and genesis of the study of foreign economic policy (FEP).

Figure 1.1 : The Evolution of International Trade Theory



source: adapted from Czinkota, M.R. et al. (1996: 35), *International Business (fourth edition)*, Dryden Press.

1.2. THROUGH 'IPE' TO AN 'FEP' APPROACH: INTRODUCING THE STUDY OF FOREIGN ECONOMIC POLICY (FEP)

As Tooze (1994:61) observes the political economy address of foreign economic policy has a long historical pedigree (including links with mercantilism) and in modern terms, has been rooted in the study of American foreign economic policy behaviour, both commercial and monetary. Constituting a major portion of the subfield of international political economy, the study of FEP can be legitimately identified as IPE derived and as reflective of the assumptions and values of what has become the orthodoxy of a modern International Political Economy (Tooze, 1994: 63). As such, FEP is marked by a broadly neopositivist, problem solving mainstream, evolved since the late sixties and early seventies, and can be seen to have integrated market and political analyses into the study of "actor behaviour" (the roots and explanation of state motivation and policy) and into the study of issues of "system management" (the methods, politics and determination of cooperation and conflict between states in an interdependent global economy) (Cohen, 1990:264).

Whilst FEP related analysis has tackled both these question sets, one notes the evolution of regimes theory (Krasner, 1983) and action theoretic approaches to international trading "games" and orders (Conybeare, 1987; Alt & Eichengreen, 1990), concentration has increasingly fallen both on issues of "actor behaviour", as defined by Cohen (1990) above, and on trade policy. This is of course in the face of clear failings in orthodox and revisionary trade theory and under the identification of essential limits in economistic address of trading action. Political scientists have been joined by select economists in the construction of a body of knowledge concerning the politico-economic dimensions of trade protection and trade policy formulation, ranging from economic models of political choice (Lavergne, 1983; Magee & Young, 1987) to the political economy of trade sanctions (Baldwin, 1986; Hufbauer & Schott, 1985a).

Epistemologically and ontologically this literature stands as somewhat uniform, encompassing a characteristic and unashamed neopositivism and a broad state

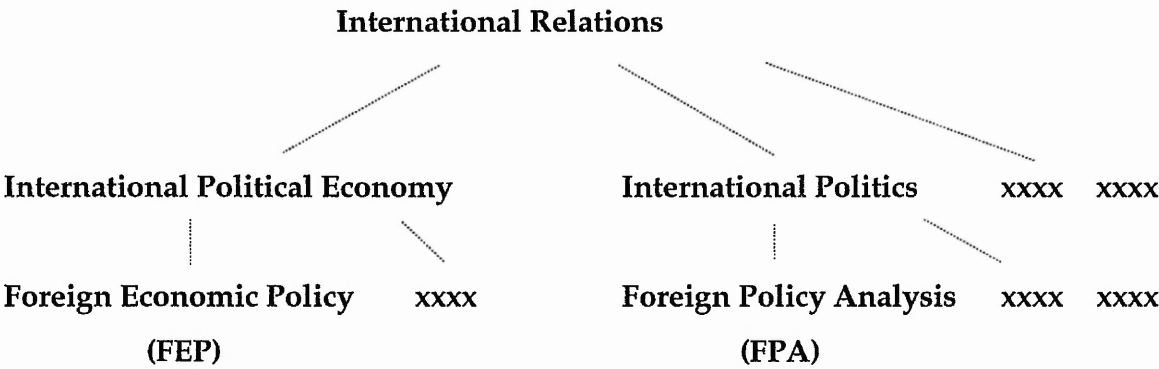
centrism. To this extent, FEP can be seen to mirror politically-led foreign policy analysis, where Steve Smith (1994:12) identifies a traditional research community working on a set of assumptions that entails a notion of truth or alternatively, a notion that "...an approximation to the truth can be approached, if not entirely apprehended." The lineages of FEP and FPA however have remained surprisingly separate (see Rosenau, 1988; & Tooze, 1994) and, whereas the post positivist revolution in IR has had some genuine impact on FPA (e.g. Zalewski, 1994; & Waever, 1994), the FEP literature remains almost exclusively true to its neopositivistic epistemological foundation (Tooze, 1994; & Odell, 1990). This situation endures despite the popularisation in IPE of Gramscian historicism and the breakaway from disciplinary orthodoxy in select "reflectivist" contributions centralising the importance of inter subjective meanings in analysis and characterised by the prevailing view that knowledgable practices constitute subjects (see Cox, 1987; & Murphy & Tooze, 1991). Even an emerging "cognitive" perspective does not descend into phenomenologism and preserves the key elements of neopositivism as identified here: an approximation to truth or factual explanation; a division between subject and object; and an adherence to social scientific hypothesising and testing.

Such uniformity however gives way to a clear "heterogeneity" at the level of theoretical construction with the study of foreign economic policy characterised by the adoption of competing models of analysis and by a mix of quantitative and qualitative methodologies. This "theoretical heterogeneity" can be best appreciated in the characterisation of the IPE-FEP lineage that follows overleaf (see Figure. 1.3.). It begins with the assumption that the representation of what Tooze (1994: 61) calls "the genealogy of the discourses of international relations", can usefully encompass independent characterisation of traditionally recognised politically-centred and political economy-centred sub-disciplines (Rosenau, 1988; & Tooze, 1994). The FEP "subfield", as in Tooze's (1994) foundational "mapping" exercise below (Figure. 1.2), can be seen to have evolved largely independent of politically-centred foreign policy analysis (FPA) and has evolved under some influence from public and regulatory

policy analysis [2]. It is thus that:

“any consideration of ‘foreign economic policy’ in Europe (or elsewhere) is presented with the prospect of using not the literature of foreign policy analysis as may have been expected, but the literature of international political economy.” (Tooze, 1994: 62)

Figure 1.2 : The intellectual lineages of FEP and FPA: Tooze’s “mapping” of IR discourses

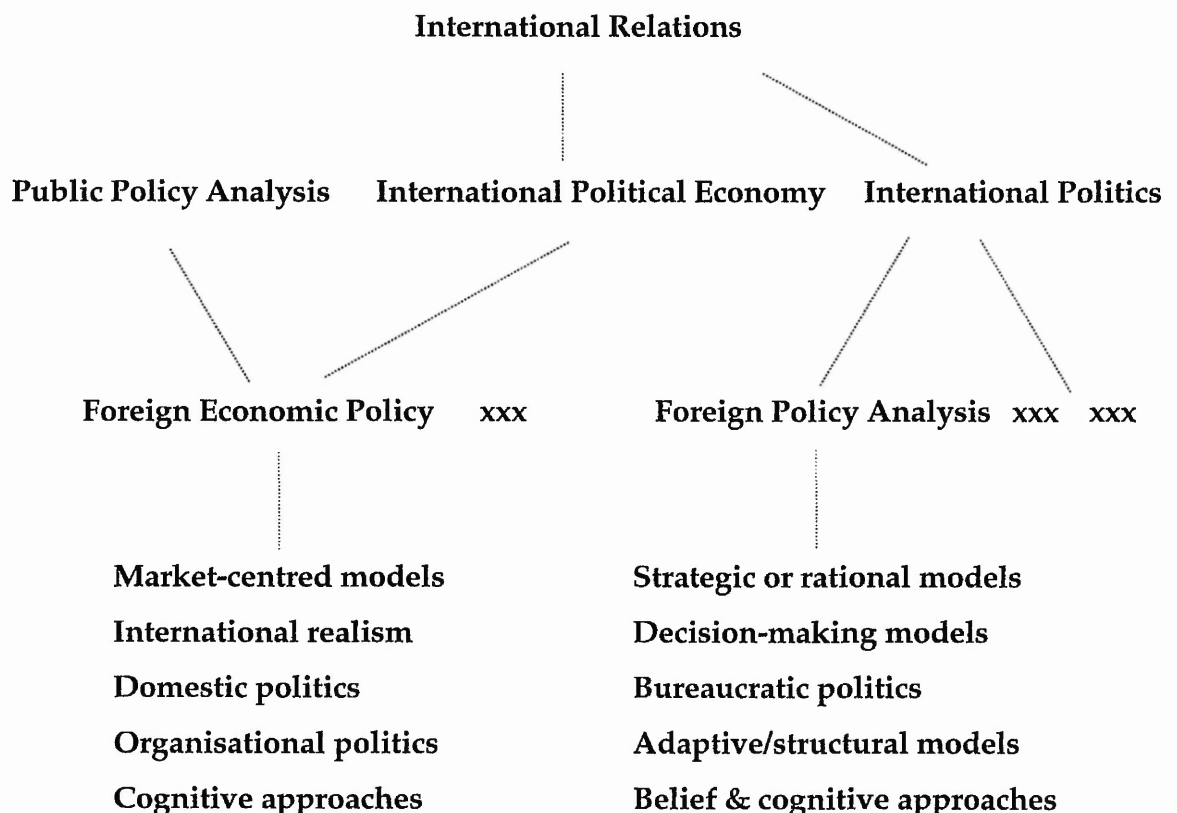


source: Tooze, R.I. (1994: 62), ‘Foreign Economic Policy in the New Europe’, in Carlsnaes, W. & Smith, S., *European Foreign Policy*, Sage Publications.

With further reference to Figure 1.3 overleaf, we observe FEP’s characterisation by a number of distinctive analytical themes or perspectives, which are an evident progression upon the traditional world view of IPE (liberalism, marxism, and structuralism), and which provide distinctive theoretical frameworks to the study of foreign economic policy choice and change. However, the configuration of this figure reinforces the important point that the study of FEP is really only a “sub-field” of the study of International Relations, albeit with its own pre-occupations, questions and agenda, and is in no sense a discipline in its own right.

Moving on here, the actual conceptualisation of theories in the figure is indebted to Odell's (1982) seminal work on FEP and U.S. international monetary policy, and encompasses theoretical approaches to economic sanctioning, commercial, technology and monetary policy at the international level. As Odell (1982:15) has observed, "The facts of foreign economic policy will not organise themselves.." and such classifications follow from the identification of a range of forces moving international economic policies.

Figure 1.3: Foreign economic policy and foreign policy analysis: analytical perspectives compared



Most of these approaches have been applied directly or indirectly to international trade, and attempts to categorise FEP approaches to international trade policies (Odell,

1990; Odell & Willett, 1990; & Ikenberry, Lake & Mastanduno, 1988) have yielded similar classifications discussed at greater length in chapter two of this thesis. Ikenberry, Lake & Mastanduno's (1988) classification in the influential 'International Organization' journal for example, identifies three analytical and theoretical approaches to the study of FEP in the United States. A *systems centred* perspective is seen to give emphasis to structural constraints and opportunities facing state units within an ordering global political economy. *Society centred* studies are essentially recognised as "micropolitical" frameworks focused on struggles for influence between interest groups, societal groups and/or classes; and *state centred* analysis is identified as centralising the policy role of the state polity, its network of officials, and its management of social and international pressures. Odell (1990), in contrast, has identified market-based, institutionalist, cognitive, and global structuralist themes woven into the study of international trade policies building on his earlier observations on the study of international monetary policy and determining forces (Odell, 1982).

The study of FEP therefore has entailed the identification of a wide range of political, market, and social variables relevant to international economic policy-making and to trade policy formulation as a leading dimension of such activity. Many of these variables are peripheralised or effectively neglected in economic accounts of trade behaviour. Underlying this breadth of analysis we observe a fundamental relationship between the affordance of certain emphases or primacies in explications of government behaviour and the very choice of level of analysis inherent in analytical address. Though the matter of levels of analysis is typically tied to the formative work of Waltz, level-of-analysis choices in FEP are perhaps best conceived with respect to Singer's (1968) framing of the level-of-analysis problem in International Relations. Under this appreciation, the level of analysis problem refers to the way in which the phenomena under study may be sorted or arranged for purposes of systemic analysis "along that vertical axis from the single individual to the global system at which one's objects of analysis are to be found" (Singer, 1971:16). Singer's (1968) three levels of

analysis: the decision-makers level (the individual), the national level (the unit), and the systemic level (the international system), have clear representation in a modern FEP where the analyst is confronted by a preliminary conceptual issue of whether to begin with focus upon the system or its components and with related conceptual tools.

Analysts of foreign economic policy are generally in agreement that both international (systems level) and domestic factors (unit level and individual) are fundamental to explanation, but effectively depart from one-level-of-analysis or another with an armoury of related conceptual-tools and a baggage of particularised assumptions. Indeed, typical of contemporary FEP we see both an attempt to establish certain analytical primacies and simultaneous attention to interconnections between disparate policy forces at distinctive, if not exclusive, levels of action.

Classical illustrations of this can be found in Ramesh's (1994) account of cross-industry variations in trade protection in Canada and in Lake's observations on commercial strategy in the U.S., 1887-1939. Lake (1988) for example can be seen to explicitly incorporate internal political (intragovernmental bargaining) and cognitive factors as influences on a U.S. commercial strategy explained essentially through reference to structural locational points and determining international economic structures. And with comparable final emphasis, Ramesh is to argue, with respect to underlying forces of Canadian protectionism, that:

"The societal factors determine why, to what extent, and with what force industries demand protection. The organisation and objectives of the state, on the other hand, shape why and to what extent the state is willing to supply protection. However to the extent that it is the international institutions and structures that determine the extent to which the state is capable (as distinct from willing) of taking measures that affect other states, the form and level of protection that is provided depends ultimately on international factors." (1994:94).

As Yurdusev (1993:80) explains, "The specification of the level[s] of analysis is important for it enables us to understand under what premises the author is operating and where the analysis is placed within the subject to which it belongs." Conceptually, those pitched at or located primarily in international or systems-level analysis, utilise

principally the conceptual tools of international "realist analysis" such that the study of foreign economic policy is thus an analysis of the distribution of power among states within the international system and the pursuit of national interest. Whilst select power theories and realpolitik approaches have used some behavioural concepts (such as interest groups and bureaucracy (e.g. Krasner, 1978), attention is focused not on the gears and levers of the policy creation process but on the subjection of policy to determining exogenous forces. Those pitched at the unit level of analysis, focused upon the state and its links with domestic society, reach alternatively for more purely behaviouralist conceptual tools, dissolving the state as a unitary actor and directing attention to:

"the variety of actors and mechanisms of the foreign policy-making process, and [to] correlations among them that define which outcomes can be expected under which circumstances" (Rohrlich, 1987:62).

Alternatively, those analyses pitched at the individual level of analysis and centred on the issues of values, ideas, perceptions, belief-cultures and belief systems, use the conceptual tools of a cognitive mode of inquiry which overlaps with the behavioural approach to economic policy-making, but is distinctive enough to merit separate identity. "Cognition concerns the person, not the state structure" and the perceptual/intellectual world beneath policy-making roles and institutional behaviours (Rohrlich, 1987:66).

For analytical purposes an initial separation is made in this chapter between a distinctive 'FEP' literature (as reviewed in section 1.3) and a wider body of work in the human sciences. In section 1.4 however, observations and conclusions with regard to a categorised 'FEP' literature are given explicit support by attention to institutional structures and dynamics and to the role of ideas and interests in the shaping and moulding of political outcomes in alternative public, regulatory and foreign policy literatures.

1.3. ORGANISING THE FACTS OF FOREIGN ECONOMIC POLICY: THE "FIVE FINGERS" EXAMINED.

"For the serious observer, the challenge is to select and sharpen a few approaches that will identify key forces that move policies, and to ascertain which are more and less useful in analyzing concrete cases."

(John. S. Odell. International Monetary Policy, 1982).

If one is to be able to understand, and therefore predict, foreign-economic policy more accurately, it is critical that the right sorts of questions be asked and that appropriate variables be examined. In many instances it is difficult to ascertain which factors explain certain foreign-economic policy decisions simply because the necessary information is lacking, more generally however the problem of understanding foreign-economic policy is not one of having insufficient information but rather one of being unable to sort through the maze of information that is available in a given situation. To aid in this search, as outlined in introduction to this thesis, a variety of approaches and models, universally treating the state as the pivotal actor in international economic relations, have been developed in address of policy issues in FEP study, approaches reaching for differing conceptual tools.

A classification of approaches to the study of foreign economic policy and to trade policy has been established here with the representation of a diverse set of political economy frameworks ordered into five analytical perspectives encompassing- *systemic/structural approaches; societal approaches; institutionalist approaches; neo-statist theorising; and, cognitive and belief-centred approaches* (see also Mercado, 1995a) [3]. These "five fingers" of FEP analysis identify a wide range of political, market, and social variables at international and domestic levels of analysis (the choice and integration of which is the key methodological issue) and provide collective representation of present understanding in this field, outside of an essentially limited body of economic analysis already considered in this thesis. At this juncture, attention is turned to these "competing frameworks" and to a critical assessment of their methodological and explanatory merits. Analysis begins with ascendant "structural" theories of actor behaviour in this realm and concludes with the most nascent of

themes woven into the study of foreign economic policy, an analytical emphasis on the political role of ideas and beliefs.

1.3.i. Systemic / Global structural analysis: the content of a perspective

Global structural or 'systems' level analysis, as observed in International Relations, works effectively from the 'outside-in' and involves focus upon the sovereign state as the basic unit of study with the state treated as a rational and unitary actor [4]. Theoretical propositions are derived from the inter-relationships among states for whom opportunities are afforded and constraints imposed by their relative capabilities or power as units in an 'anarchic' international system (Ikenberry et al. 1988:003). In the study of foreign economic policy, analyses pitched at this level emphasise the international forces and relative state capabilities determining and limiting state action (structural realism), and the extent to which states are limited in their international pursuits by exogenous institutions (neo-liberal institutionalism). As Ramesh (1994:79) observes: "Conceptualized in this manner, the international political economy can be conceived as a system of institutional and structural constraints that limit states' choices in the international arena." Despite their differences, the two approaches are mutually complementary, rooted in international realist foundations, assuming that self-interested actors maximize their utility, and emphasising the subjection of state behaviour to international level constraints.

The structural-realist view of foreign economic policy rests with the realist premise that international relations is a "recurring struggle for wealth and power among independent actors in a state of anarchy" (Gilpin, 1981:007). Krasner's (1976) power theory for example claims that foreign economic policy will be set primarily to increase economic and competitive power in accordance with state priorities and the pursuit of the 'national interest' and, affirming a link between national security and economic interest, argues broadly that a nation's trade policy will reflect its foreign policy. The important point here concerning the security externalities of trade, that is the influential role played by security concerns in the determination of national trade

policies, has been developed within this tradition (e.g. Gowa, 1989), but foremost amongst international structural-realist approaches to the study of foreign economic policy, we count 'hegemonic stability theory'.

The hegemonic stability theorists, including Kindleberger (1973) & Gilpin (1975), again start with the basic argument that a state's position in the international economy decisively shapes its foreign economic policy. The characteristic argument is that nations with preponderant power hold an interest in pursuing liberal trade and, that in the long term, policy will always reflect the international configuration of power. Dominant or hegemonic states have the power to create and maintain liberal regimes and will do so until faced with a diminished capacity to absorb the costs of imposing order on the international economic system.

This argument, most seriously advanced as a theory of British hegemony in the nineteenth century and of U.S. hegemony in the mid-twentieth century, has been left wanting in the sense of several empirical anomalies [5] and more generally in the resistance and expansion of liberal regimes in a contemporary period of hegemonic decline (e.g. the opening of the international financial order and the Uruguay Round's widening of the GATT regime), and has been refined in a fashion underscoring the limits of the core theory. Keohane & Nye (1977) have made the argument issue-specific suggesting that it is only when a hegemon loses relative power on a specific issue that it abandons its support for the existing regime, and Krasner (1976 & 1982) has developed the notion of "lags" between altered interests and policy explained by the existence of a constraining trade regime. Critics such as Goldstein (1986) argue powerfully however that such refinements of the core model and regime theories, are little more than "a descriptive addition" to a form of structural analysis that is inherently flawed. For Goldstein, hegemony arguments cannot explain internal tensions between free, fair and re-distributive principles in contemporary US policy, and are unable to satisfactorily explain the lack of a sharp break in national trade policy (comparable at least to that in monetary management), due to a disconcert with politics and ideological forces at the state or unit level. This is but one part of a

wider critique of structural theories of foreign economic policy shortly to be addressed.

Neo-liberals equally place great emphasis on the necessity of hegemony for the provision of international public goods, but neo-liberal institutionalism draws particular attention to systemic limits on state behaviour relating to the existence of exogenous institutions as opposed to capabilities and interests alone. "Explaining" the mitigation of conflict and the development of international co-operation in an "anarchic" order, neo-liberalism presents us with an external structure of systemic institutions (embued with neo-liberal ideas as a consequence of post-war U.S. hegemony) as "persistent and connected sets of rules (formal or informal) that prescribe behaviour roles, constrain activity, and shape expectations." (Keohane, 1989:163). Such exogenous institutions- e.g. the IMF and the GATT- do not determine state behaviour, but rather limit policy choices and constrain what states can do in the international arena in relation to state capabilities. Thus neo-liberal institutionalist reasoning as applied to trade policy and behaviour, draws attention to the constraining role played by GATT, the legal framework governing international trade, and to the relative capacities of states to set, enforce, and/or act outside of GATT codes.

Ramesh (1994), offering one such influenced account of cross industry variations in Canadian trade protection, presents the GATT as "set[ting] the parameters of the signatory states' choices in trade policy" and underscores the enduring realism of the approach with the view that "[the] extent to which states are circumscribed by international institutions varies according to their position in the structure of the international political economy," (1994:80). This position and protectionist capability is determined by the size of the economy and the form and level of trade dependence. Thus, argument runs to the impotence of small-size trade dependent economies, vulnerable to retaliation by trading partners and handicapped in their ability to impose trade barriers not permitted under GATT, and the greater freedom of action from exogenous institutionalised rules and greater coercive power enjoyed by larger

economies in relations of asymmetrical interdependence. Patterns of Canadian protectionism are thus presented as a consequence of a variable ability to act under GATT obligations against particular importers of textiles and leather footwear (large economies) and of clothing (small developing economies), and of Canada's capacity to stretch or violate GATT codes, "high" with respect to developing economies and "negligible" in relation to the U.S. or the EU.

Aggregated together, structural realist and liberal-institutional approaches provide a systems-level or international perspective on foreign economic policy that emphasises the way in which states are constrained by their relative capabilities vis-a-vis other states and by exogenous rules and institutionalised codes, and that stresses how rational unitary actors (states) are driven by the pursuit of power and wealth. Features of this perspective are the relegation of economic policy-making to wider foreign policy and security interests, the key notion of hegemony, and the assumption that states in positions of strength can persuade or coerce weaker states to do what they would not otherwise do. The position a state occupies in the inter-national politico-economic system may be a function of the size of its economy and scale of trade dependence (Ramesh, 1994), a function of economic size and labour productivity (Lake, 1988), or of other measures of a state's structural strength. Though distinctive, these international realist/neo-realist theories can be allied to Marxian "World Systems" theory (Wallerstein, 1978) in explaining foreign policy behaviour as a condition of state attribution in an international system of asymmetrical power distribution.

The parsimony of a systemic theory is useful for some purposes and in general, across time and space, states' positions in the international system prove to provide the simplest, shortest guide to international relations. A good account of a state's foreign (foreign economic) policy however, and the specification of what aspects of policy can be explained by what factors, requires more than a direction to international constraints, systemic pressures, and driving national interest. Systemic analysis alone cannot explain why particular policy outcomes emerge within a universe of possible

outcomes conditioned by structural forces and institutionalised orders. U.S. trade policy may be historically influenced by a hegemonic authority, may be less constrained by GATT codes than less powerful economies, and may be less threatened by retaliation than other economies due to its structural power; but it only becomes understandable, and especially in terms of specific actions and strategies, if we recognise that domestic politics has a crucial policy influence with states enjoying leeway in the response to their external environment. To deny this, as Gourevitch (1978:900) asserts, would be to take a thoroughly non-reductionist approach unrealistically deriving domestic structure completely from the international system.

Notably here, a number of studies of U.S. trade and regulatory policy collected together in an influential edition of the American journal "International Organisation", have evidenced, along with broader state-centred analysis, that it is the state that translates the constraints and opportunities of international structures into foreign economic policy and that domestic politics importantly influences political outcomes (Ikenberry, Lake & Mastanduno, 1988). Whilst certain systemic-analyses have managed to incorporate domestic market and domestic political variables into their models (e.g. Lake, 1988) [6] the contention, in Waltz's (1986:329) terms, that "the pressures of [international] competition weigh more heavily than ideological preferences or internal political pressures", runs through the "systemic" approaches with at best a marginalisation of the roles of ideas, domestic structures and politics in policy formulation, and at worst a 'black box' treatment of the policy-making process concluding in the absence of a theory of the domestic political process.

In short, systemic-/global-structural approaches may have value in the study of the international political economy, but for the purposes of policy analysis are inherently limited. Such approaches provide only a simplified perception of state behaviour in individual cases and, with a unitary postulate, cannot explain the complex domestic-level factors motivating behaviour, or the variety of actors and mechanisms of the foreign policy-making process and its politics. Kenneth Waltz's "clarification" that states do actually have room for manoeuvre under international pressures

(1986:122-23), is less "a response to the critics" and more a self-contradiction of a fairly fundamental argument. What is demanded is a theory of the domestic determinants of foreign economic policy which can more powerfully (if less parsimoniously) confront a realm where individual units of analysis are variably shaped by alternative historical experience, by individual socioeconomic factors, domestic structures and political dynamics; and one which is peopled by human beings. Human beings that is, who, "given their immediate or vicarious humanity" will, in their individual and representative capacities, "...be influenced by their calculations, hopes, purposes, beliefs, anxieties, fears, and all the other elements of the human condition." (James 1993:284).

Existing behavioural and cognitive approaches go some way to meeting this demand, exhibiting a lesser if varying emphasis upon the international sources of behaviour, and crucially focusing upon the structures, actors, politics and mechanics of the foreign policy-making process at and below the unit level. Here there is a basic dichotomy in analysis between what has been characterised as 'state-' and 'society'-centred analysis (Ikenberry, Lake & Mastanduno, 1988), and within state-centred analysis a further division between two distinctive approaches, one focused on national political institutions or state structures, and the other on state strength and the central role of the state executive in defining the state interest and national policy. We also count an important if often marginalised contribution by scholars stressing the role of ideas, values and beliefs in policy. As the subsequent analysis will make clear [7], divisions are not always clear cut, and concentration falls first on society-centred analysis which, in its classical micropolitics focus, stands alongside structural approaches to commercial policy as the mainstream of "positive" FEP study in the United States.

1.3. ii. Society-centred analysis: markets, micropolitics and socioeconomic interests.

Society-centred analysis moves the focus away from international constraints and

opportunities to the importance of domestic politics in shaping outcomes, thus relaxing the assumption of the unitary state actor. Beginning with societal preferences, these approaches trace policies to the demands placed upon government by private groups and sectors in changing macromarket conditions, and on the relationship between social forces, coalitions and the polity. Two general approaches can be identified here.

A distinctive society-centred approach attempts to explain government behaviour and responsiveness to societal pressures in terms of the organised social coalitions that underpin political administrations (Gourevitch 1986). Here attention is focused less on the permeability of state institutions and policy-making agencies by competing organised social interests, and more on the effective control of government and policy by identified dominant social coalitions. Policy is seen as constructed so as to meet the terms of the said coalition, from which the government has little or no autonomy, and for which it chooses "satisficing" policies. The term "coalitional analysis" may thus be applied here with the essential view that government receptivity to private interests is dependent upon changes in coalitions and the composition and interests of a coalition at a given time. This is a concentration on domestic politics in a genuine sense but, where under state-centred analyses the concentration is upon state institutions and/or upon the actions and preferences of state executives, this orientation is rejected in such "coalitional analysis" in favour of a concentration on the configuration of social elements from which the state must elicit support to sustain its power. The basic argument is that: "...there seem to be no characteristics of associations of state structures that can stand independently of social factors in explaining policy outputs." (Gourevitch 1986:020).

A second broad approach, and one more widely adopted, is that of micropolitical analysis including, on the one hand, interest-group studies and eclectic corporate preference models, and on the other, explanations of producer group(s) pressures for protection by select economists. These latter "economic models of political choice" have extended the study of pressure group activity to show how broad social and corporate groups are often driven by market conditions and, in certain approaches,

how a political market for protection may function. As Ramesh (1994:75) observes, these have been typically offered in a loose micropolitical framework (e.g. Lehmbruch, 1986; Caves, 1976; & Pincus, 1977) or in more formalised public choice frameworks (Baldwin, 1985; Lavergne, 1983; Anderson & Baldwin, 1987; Magee & Young, 1987). Whilst "classically based" and closely related both to orthodox neo-classical economic analysis and to highlighted macro-economic hypotheses, these approaches are distinguishable from the economistic analysis and trade theory earlier addressed in their successful integration of micro-political study and variables into economic modelling. In short, as market-based models distinguished by an explicit endogenous treatment of social and political forces, these analyses are genuine "political economy" approaches, related both to the stated interest group tradition of study and to "corporate-preference" arguments as forwarded principally by the political scientist Helen Milner (1988a; & 1988b).

In the choice terms of B.S.Frey (1984:201): At a general level, the public choice approach "...seeks to analyze political processes and the interaction between the economy and the polity" providing "...an explicit positive approach to the workings of political institutions and to the behaviour of governments, parties, voters, interest groups and public bureaucracies;". The public choice approach emerges out of neoclassical rational choice premises founded on the central assumption of the pursuit of rational self-interest or rational-choice in processes of exchange among individuals. In short, "The individual is assumed to be "rational" in the sense of responding in a systematic and hence predictable way to incentives: courses of action are chosen that yield the highest net benefits according to the individual's own utility function." (Frey, 1984:202). In key concentration on the distribution of tariffs and trade restrictions and on the character of trade and import policies, public choice analysis, interprets political action (protectionist lobbying by social actors and the actions of politicians) as utility maximising behaviour in the face of shifting market conditions. When market conditions mitigate against domestic producers they will lobby for protection trading votes and campaign funds to politicians. If there is such a 'political market' for protection, politicians, as rational utility maximisers themselves, will likely satisfy

these protectionist sentiments in their quest for votes and revenue. As such, in the choice terms of Odell (1990:142): "These treatments in fact postulate a market for protection itself, with rent-seeking industries on the demand side trading their votes and campaign contributions to politicians on the supply side." There is therefore a notion here that trade policies lie outside of the control of policymakers, who are seen, as in the assessment of Robert Stern (1987: 006): "to function as intermediaries between the narrow interests of protectionist and pro-export groups, on the one hand, and the broad interests of voters (consumers) on the other hand."

In Magee & Young (1987) for example we observe the forwarding of the argument that trade policies are best understood as equilibrating variables in political markets (analagous to prices in product markets) reflective of a fluid balance of power between competing interests at the domestic level. Cyclical variables (unemployment, real exchange, and inflation rates) and shifting factor endowments and terms of trade (trade theory variables), are the macro-economic engines which drive the lobbying pressures of the competing interest groups. Increases in inflation are seen to mobilise opposition to trade restrictions, whilst increases in unemployment are seen to have the opposite effect. The defined 'interests' are either narrow (industrial or capital lobbies) or broad (voters and consumers), and are played out with the major political parties, all actors functioning as utility-maximisers. The political parties face constant trade-offs between satisficing their respective special-interest lobbies (the Republicans defined as liberal pro-export, Democrats as protectionist pro-labour), and "...offer legislation favouring special interest groups, trading off the benefits of electioneering resources... against the hostility that it arouses from the general voter." (1987:155). The parties reason that electoral odds are best improved by acquiring more and more funding for their election/re-election campaigns. With tariff setting the equilibrium of this domestic game between two lobbies, two parties and the voters, a paradoxical concept of endogenous policy is created. The paradox is that whilst the political system is competitive and whilst a balance of political forces is "captured" to remedy the incomplete explanations offered by simple macro-economic variables; these equilibrium results (tariff setting policies) are seen to be outside of the control of

policymakers. As Magee & Young (1987) argue, the policy-maker is like an auctioneer in a product market balancing supply and demand, his preferences imparting no long-run direction to policy, his role to intermediate between interest groups.

To conclude here, these analyses, in their postulation of a market for protection, their endogenous treatment of social and political forces and notions of new equilibriums reached through altered market conditions, have to be considered as considerably more rounded than earlier interest group studies and micro-studies of lobbying costs across industrial sectors [8]. Collectively they identify rent-seeking and vote and revenue seeking by politicians and other special interests as important motivations in the political market for protection, and make useful progress in identifying industrial profiles and macroeconomic conditions that are favourable or unfavourable for protection. They go beyond cruder macroeconomic hypotheses by capturing (in some sense at least) the balance of political forces that enter the tariff setting process, providing greater knowledge and evidence of the political expression of protectionist and pro-trade interests.

Ultimately however the approach remains seriously limited for positive political analysis despite Frey's cited remark that it provides an explicit positive approach. As a theory of protection and tariff setting it is limited in terms of its assumptions and the nature of its political analysis and as a theory of protection it is far from a rounded theory of trade policy formulation and politics. Problems centre here on the assumption of individuals as rational utility maximisers with given preferences and interests, on the concept of auctioneering government, and on the associated depiction of politicians as essentially passive registers for sectoral pressures. The choices of public policy-makers in this realm are not simply grounded in interpretations of likely political 'rents', the internal political constellation of forces and the realisation of calculated short-term interest can only count as part of a wider picture, including ideological and institutional constraints and broader policy concerns. Furthermore, whilst proponents and advocates of the approach maintain that political dimensions of trade are treated endogenously, the conceptualisation of that politics, of the link

between society and polity in a 'political market', is clearly too fragile. Though the concept of auctioneering government enables protectionism to be seen as an equilibrium outcome of interaction between domestic actors, it is a major caveat which unrealistically portrays government as a mere conduit and which underestimates the shaping role of domestic structure, ideas and beliefs.

It is thus that I am drawn to conclude that whilst public choice premises may function as a partial contribution to the understanding of tariff structures, patterns of protection and trade policy, they are inadequate when taken alone or in isolation. If trade policy-making and foreign trade policies are to be understood, then the approach must, at very least, be joined by a political science emphasis on enduring institutions of government and the goal-oriented behaviour of administrators in the executive branch, as well as to related ideologies, ideas and values. This begins to emerge in the contributions of Baldwin (1985) and Marks & McArthur (1990) where for example we see a clearer account of the effects of beliefs and ideology on U.S. legislators and of the responsiveness of Congress to demands from import-sensitive industries in a more institutionalist mode [9].

To progress from consideration of public choice theory, a further societally-oriented approach is found in Helen Milner's (1988a; & 1988b) focus on economic interest and corporate preference in modern France and the United States. Milner develops an explanation of industrial lobbying and preference-ordering that postulates competition between protectionist and anti-protectionist interests and which identifies macroeconomic pressures and changing degrees of international economic integration as influential upon corporate trade preferences. This analysis incorporates notions of "fragmented" state structures associated with neo-statist analysis (e.g. Katzenstein, 1978) in an attempt to account for cases of policy action and inaction in those states throughout the 1970s. Inter-industry variation in terms of a degree-of-support for protectionist intervention, is explained through the key variables of international linkage and export reliance. As domestic market conditions worsen for industries focused upon the home market, and/or increased import penetration erodes those

indigenous industries' market shares, incentives to lobby for protection are great. Yet for other industries, even those faced by heightened import penetration, an interest is maintained in open exchange that is powerful enough in many cases to stimulate counter-demands against protectionist activism. These latter industries are characterised by multinational operation and a greater export-dependence and their ascendancy in seventies America is posited as an explanation as to why in the U.S., at a time of cyclical depression comparable to the 1920s, protectionism was not experienced with anywhere near the vengeance of that earlier decade.

Though the eclecticism of this approach results in a clearer potential for positive political economy analysis, the model is offered as a demonstration of the influence of firms's preferences and activities on trade policy and not of "the wider array" of other factors accounting for outcomes. As Milner herself acknowledges, reduced interest in protection by internationally-oriented industries was in itself but one of the most important influences on trade policy in both countries, and address of the interests of labour, economic ideology, decision-makers beliefs, and factors such as policy-making structures, might usefully shed wider light on the fashioned trade policy outcomes (Milner 1988b:168). Importantly though, this work demonstrates the role of organised economic interests in the shaping and course of trade and import policy, and is more useful than much work in the pressure-politics and public choice traditions in its account of anti-protectionist private interest. The identification of fragmented state structures in America and France (borrowing from statist concepts but rejecting the classification of France as a "strong" centralised state) does not fully provide a theory of the translation of demand (private pressure) into supply (public policy), but it does represent a more thorough address of the influence of domestic structures on policy - outcomes. The importance of this is underlined by the empirical weight of Milner's studies which fall against the structural hegemony theses, contradicting their presumed correlation between hegemonic decline and rising protectionism." (Cohen, 1990:280).

Collectively then, approaches in this tradition and focused on the link between social

forces and the polity and on the policy influence of market-driven economic interests among social groups, are a useful counter to a more limited structural method of approach to an understanding of foreign economic policy-making and a major advance on macroeconomic models of protection. These varied approaches draw valuable attention to the interplay between political choice, market forces, and social structure (Gourevitch) or mobilised social interests (Milner, Baldwin etc.) and provide, at least in certain models, an endogenous if limited treatment of political forces and process missing in macroeconomic models of protection. At points however the conceptions of interest and utility-maximisation are inadequate and economistic (Gourevitch) or, as with the dominant public choice approach here, are rooted simplistically in notions of "rent-seeking" behaviour [10]. The tendency in much of this analysis to weakly address the influence of group or institutional/authority structures, and to unnaturally divorce personal interest from informing subjectivities and predispositions, may also be adjudged to be a weakness. Indeed, it is argued here that the clearest "weakness" of the societal-oriented analysis is ultimately the treatment of the state and the diminishment or obscuration of what Odell terms "society's institutionalised structures of authority and their effects" (1990:148). In the European Community for example (see chapter two onwards), the domestic structures of the member states and the institutional structure of the EU exert independent effects on the ability of private actors to shape the European policy, to gain "access", to create 'winning coalitions' and to influence decisions. In the public choice frameworks we have little more than a "market image" of state-society relations that is reductionist and shows little grasp of process or form in state-society relations, and in Gourevitch's "coalitional" analysis of socioeconomic interests, there is, to paraphrase Kesselman (1992:651), a rather unconvincing demonstration of why political leaders must accord highest priority to generating adequate domestic support as opposed to other requisites and constraints.

Notably where societal-oriented approaches are seen to be more robust and of clearest value (Milner's (1988a; & 1988b); and Marks & McArthur's (1990) analyses are suggested here), organisational as well as ideological factors are presented as central

variables [10]. In Milner's model for example, we have something of a marriage between a model of corporate preference formation and a theory of corporate influence on political outcomes (this is dependent on a particular characterisation of state fragmentation in France and the U.S).

The contention that the state matters, which is central to much of the critique of society-centred approaches, does not however in itself yield a single approach to the state. Again divisions are not clear cut, but a central differentiation extends out of the basic conceptualisation of the state.

1.3. iii. "Statist" theories of foreign economic policy: state-strength, executive actors, and defending the national interest

One loose body of analyses pitched primarily at this level, moves forward from state-centric international realism and in a different direction to societal-oriented approaches, to analyse how key state-actors may, under international and internal constraints, be prominent figures in the shaping of policy outcomes. As Cowhey (1990:225) asserts:

"Briefly put, statist theory holds that an elite group of Executive Branch institutions and officials tries to steer foreign policy in accord with the dictates of the competitive environment of international relations. Domestic politics may sometimes thwart their efforts but the dynamics of these institutional guardians of foreign policy provide the continuity and direction of the heart of foreign economic policy."

"Statist" theory then, defined in this manner, counts as a tranche of state-centred analysis, treating the state as an "actor" as opposed to "structure" (institutionalist analysis) and focusing on the goal-purposive behaviour and personal ambitions of key state administrators and officials. In this perspective, whilst confronted by the preferences of social actors, the ideological and policy preferences of decision-makers and executive officials are seen as generally transcendent and autonomous from social pressures, though their capacity to "steer policy" along the lines of their autonomous preferences relates fundamentally to the strength of the state in question. By "state

strength" analysts such as Krasner (1978); Katzenstein (1978); and Zysman (1983) have come to mean the degree of centralisation of state structures, the insulation of the executive from other actors, and the centrality and autonomy of bureaucratic organisations capable of programmatic policy planning [11].

What emerges therefore is a conception of the state as an "actor", seeking a national interest formed not by social pressures or a bargaining game of traded "rents" between social forces and elements of the state polity, but according to the autonomous ideologies, preferences and perceptions of state policy-makers and top-level state officials attuned to broad foreign policy interests. These executive officials are in turn beholdent of varied capacities to "steer" policy, their autonomous capacities related to the comparatively conceived "strength" of their state structure and instruments of authority. Katzenstein (1978) for example, presents the United States as a "weak" fragmented system, suggesting that the capacity of state decisionmakers and executive officials to resist private interest pressure and to exert state leadership in industrial policy has been historically constrained in comparison to strong state models where the state and its institutions are less fragmented, and where less robust and organised social forces are more unlikely to "capture" pieces of the state. In cases such as France and Japan he argues, the strong domestic structure means that purposive goal-driven executive officials are less accountable to legislatures and interest groups and have a greater range of policy instruments to direct policy. That is policy directed in accordance with their calculation of the national interest and over the potential objections of particularistic interests.

Though this weak-state, strong-state concept is central to early statist analysis, other "statists" have moved to highlight the authority of the executive in so-called "weak states", where the subject of policy is highly strategic. Krasner (1978) for example in 'Defending the National Interest', presents the foreign economic policy area as one of the key policy domains of a state holding responsibility for the conduct of foreign affairs and the maintenance of national security. In the statist tradition he translates this unique position of high-level government officials as the source of their distinctive

and autonomous set of preferences. Though highlighting the constraining effect of U.S. official preference divisions over East-West trade in the early post-war period, Mastanduno (1988) builds a similar argument in contending that "if trade issues are judged to be of direct national security significance, state officials are likely to enjoy even greater authority." (Ikenberry, Lake & Mastanduno, 1988: 13).

Throughout the statist literature, the foreign policy executive is the key component of the state and the basis of statist analysis remains the relationship between the executive, domestic structure and exogenous pressures, with the broad foreign policy imperative perceived as most powerful among the officials and elite bureaucracy of the executive branch.

In totality, "statist" analysis is a clear improvement upon primarily systems-level study in that it realises a linkage between international and domestic forces, yet it is inherently limited in a number of important respects. Analysts emphasising the social or socio-economic roots of policy, argue that the autonomy of actors from societal demands is exaggerated in these approaches, that the national interest is not a blank slate written upon at will, but is "internally determined by the socioeconomic evolution of the nation in question." (Frieden 1988:088). These arguments form what is on its own an equally flawed societal-oriented perspective, do underscore the problematic conceptions of interest and autonomy in these approaches which are not only disregarding of internal socioeconomic determinants but also of the intellectual and ideological bases of interests.

In a different line of criticism, the strong state/weak state conceptualisation of domestic structures is both flawed and limited. The image of the strong state forwarded centrally in Katzenstein's approach, is simply challenged by the studies of Samuels (1987) and Nowell (1983) and Milner (1988a; & 1988b), all providing empirical evidence of cases in so-called strong states where legislatures and particularistic interests have reversed the judgements of state officials and blocked their power to shape outcomes. And the polar opposite image of the "weak" American state is

fundamentally troubled by certain "statist" analyses, as we have observed, and by studies highlighting the state building capacities of executive officials (e.g. Haggard, 1988). More broadly, and more crucially with respect to the goal of a theory of trade policy formation, as Odell (1982:47-48) and Ikenberry, Lake & Mastanduno (1988: 11) assert, however useful the weak state/strong state concept is in explaining policy differences between states it is limited when the subject is the behaviour of one. And Gourevitch (1978) highlights that although a politics of complex public-private linkage is captured in the pluralistic model of the weak-state under this approach, there is little representation of domestic politics in the stronger states where a model of unitary government is virtually forwarded. Clearly this latter criticism is bound up with Gourevitch's articulation of the socio-coalitional context of policy, but it is notable in light of insights afforded by certain behavioural analyses focused on groups and interests inside the state structure.

Indeed, though this analysis encompasses the view that institutions have a major effect on the process of domestic politics and that institutional structure is influential upon foreign economic policy, they are primarily concerned, to repeat an earlier point, with the "state as actor" rather than the "state as structure" (Ikenberry, Lake & Mastanduno, 1988). A distinction can be made therefore between this "statist" literature largely working within a realist paradigm and an "institutionalist" rump of state-centred analyses (see, Skocpol (1985); Pastor (1980); Goldstein (1986, 1988, 1989 & 1993); and Ikenberry (1988a; 1988b)), providing a more systematic account of the structural influences of institutions and of "inter branch dynamics" (see 1.1.iv.). This leads to a further related criticism of the "state as actor" approach that, whilst these approaches open up the black box of the state and begin to account for the role of state officialdom and bureaucracy in FEP formulation, they do not fully account for the organisational bases and complex "bureaucraties" of trade policy-making. In other words, the concentration on the relationship between executive official and state structure and on the goal-purposive behaviour of the former, does not equate with an understanding of the role of intra-institutional dynamics and bureaucratic politics in commercial policy-making and negotiations. In the study of foreign economic policies,

and trade policy in particular, no approach is reducible to an address of bureaucracies in isolation but many analyses of foreign economic policies and a common sense outlook on modern commercial policy and negotiation reveal the importance of the bureaucratic layer. This still entails a primary address of the state, its organisation and actors, but demands a further disaggregation of the state (including strong centralised models) and direct address of the groups, gears and levers of the political process.

The bureaucratic machinery of the state can for example limit the choices of policy-makers (information, processing issues etc.), and it may introduce industry-interest into the decision-making process, with bureaucrats sometimes more willing than politicians to help industries under their auspices and often engaged in closer relations with that community (see Messerlin, 1983 and later reflection on European policy networks). Significantly too in the contemporary range of trade issues, specialist or expert bureaucrats, officials and lawyers may operate at some distance from the immediate control of chief executives as in specialised negotiations within tranches of the GATT negotiations. We have learnt too of internal 'bureaucratic politics' (Allison & Halperin, 1974) and in most successful trading powers such as the U.S., Japan, Korea, Germany and the wider European Union (EU), trade policy structure is fragmented and broad policies and strategies are influenced by the push and pull of competing bureaucracies or sub-units. The considered "statist" theory may take the analytical middle ground between reducing foreign economic policy to bureaucratic politics and externally-driven rational governance (Cowhey, 1990:229) but the bureaucracies of the state are not necessarily integrated or conditioned by mutual interests or goals and those who have amassed autonomy, political influence, and measured authority (e.g. the European Commission and MITI in Japan) are effectively 'institutional actors' in the trade policy process.

These limits to the state-as-actor approach and the importance of the bureaucratic layer in policy development and negotiation, can be seen to establish a case for a fuller institutional approach to the understanding of trade policies which includes, as a central element at least, an attention to inter-organisational or "intra-branch" politics

(Pastor, 1980) and to bureaucratic organisation within institutional complexes. The important role of bureaucracy in policy development, when often identified, relates fundamentally to the complex relationship between bureaucratic groupings in committees and institutions within the wider organisational setting. The policy-making system in the European Union for example is clearly "bureaucratic" (Ostry, 1990; & Patterson, 1983), but that bureaucratic quality is one of a complex multi-levelled decision-making process entailing multiple institutions and committees, as will be detailed in chapters two and three.

1.3. iv. Institutional-led approaches and positive political economy analysis

The institutionalist-led approach to FEP analysis, as evolved at the unit-level of analysis, is premised on a conception of the state as an organisational structure consisting of institutions of government and sets of rules and laws. Here focus is upon the relationship between institutions and their embedded values, upon the constraining effect institutions have upon state officials, and upon the relationship between institutional structures and international and societal pressures. The base line argument is that state structure affects the possibilities for policy outcomes (Skocpol, 1985).

Exhibiting several variants as applied to foreign economic and industrial policymaking, it is premised upon a number of basic assumptions, among which four arguments appear most prominent and characteristic.

First, institutions and rules affect the distribution of the power of political actors and help to mould political preferences, interests and outcomes. State structure is not simply an institutional terrain upon which situated groups compete and through which social and international pressures are channelled, for institutions themselves hold structural qualities establishing them as more than mere conduits and enabling them to shape interests, dialogue and the possibilities for successful group action. *Second*, domestic organisational structures are "historical product", with the effect that

policy-making takes place in an institutional setting constituted by individual structures that have emerged episodically within a particular evolution. *Third*, "institutional structures, once established, are difficult to change even when underlying social forces continue to evolve" (Ikenberry, 1988a:223), and are generally defended and preserved by functionaries and representatives seeking to preserve their own missions. *Fourth*, in mature state structures, policy outcomes are influenced by "inter branch" dynamics and a contest of ideas and policy innovations within state structures, with the institutions of state providing a siting for policy experts, politicians and executive officials to generate ideas and policy programs.

Institutionalist analysis thus directs our attention to the formal properties and structures of state organisation as opposed to the purposive behaviour of the executive and top-level officials of state, and in investigation of international economic, trade and development strategies, and of U.S. foreign trade policy in particular, establishes the central role of relatively autonomous domestic institutional structure in economic and commercial policy formation. Its historically based analysis focuses on the institutional dynamics and relations accompanying the development of policy over given periods or on the policy implications of 'institutional shift', often at points of crisis. There is no universal treatment of public institutions or their policy influence but a universal assertion of the role of domestic structure in the shaping of foreign economic policy, and in particular, international trade policy.

It is to be noted here that such "institutionalist analysis" as manifest in this context, is directly associable with a "neo-institutionalist" movement across the political sciences in the 1980s. Clearly though, it is something of a progression upon institutional approaches elsewhere in politico-scientific and legalistic inquiry (including much comparative politics and public policy analysis) and is very much a part of an historical institutionalist strand to the "new institutionalism" as opposed to a rational choice variant also manifest in the broad church of neo-institutionalist writings. This is a distinction explained in Thelen & Steinmo (1992) and recalled by Bulmer (1994), and is a point returned to in chapter three where 'institutional' approaches to the study of

the EC as developed by comparative political science (and International Relations) are explored. It may be noted here though that the nascent neo-institutionalist study of the EC as a general policy-making entity (especially in its historically grounded variants) adds weight, in its developing explanatory power, to the possible use of institutionally-oriented political economy analysis of foreign economic policy-making above the nation-state.

I also argue here that whilst the "new institutionalism" in political science has generated a clearly formalised institutionalist analyses centred on formalised and constraining structures, procedures, decision characters and the formal properties of agency/group relations [12], the new institutionalism as evident in FEP has done as much as anything to advance the analysis of the operation of ideas and interests within systems of institutional arrangement, rules and procedures. And it can be usefully stated here too, though again the point is developed in chapter three, that frameworks derived from approaches to international politics/relations attracting the 'institutional' label, are quite alternative to the neo-institutionalism of FEP. This is perhaps seen clearest in either their emphasis of the neutrality of institutions and the logic of functionalism (*functional institutionalism*), or, in the extent to which they centralise the capacity of international institutions to remain more or less relevant in an anarchical system or, in Axelrod's (1984) terms, in "a world of egoists without central authority" (*neo-liberal institutionalism*). This is at some distance from the emphasis on institutional dynamics, interest structuration and increases in the authority and policy leadership of supranational institutions characterising the new institutionalism in the study of FEP.

Returning to the nature and form of the "institutionalist" analysis of foreign economic policy, it is also noteworthy that the most powerful conceptual frameworks in this fashion (Goldstein, 1986, 1988, & 1989; Ikenberry 1988a, & 1988b; Mares, 1990; Haggard, 1988; & Destler, 1986) are also incorporative of a notion of the state as actor, and realise a more systematic address of socio-group interests and cognitive factors than achieved elsewhere in neo-statist analysis and the traditional FEP literature per

se. Destler (1986) for example, has shown how the protectionist tide of U.S. industrial and trade policy legislation since the early 1980s, must be understood not merely as a response to economic pressures but also as a product of the eroded effectiveness of relevant government institutions to "resist protectionism". For him the American trade crisis of the 1980s is a "political story" emphasising the histories of relevant institutions, notably the opening up of Congress to pressure from import-impacted industries (a gradual democratisation and the development of the Hearings system is central here) and the increased political burden of the executive branch.

Still focused on U.S. trade policy, Haggard (1988) too locates the alternative enhancement of executive power in the trade domain in the 1930s in a re-working of domestic institutional arrangements under an exercise of "state-building". His analysis of the Reciprocal Trade Agreements Act of 1934, firmly establishes that institutional setting affected the incentive of groups to organise, the balance of power among them, "and even the discourse in which groups framed their efforts to exercise influence." (1988: 91). Ikenberry (1988b) also highlights the constraining effect of state institutions and regulatory apparatus on purposive state officials in his account of 1970s U.S. energy policy, with the underlying assumption that "The state's institutional structure provided resources for and sites from which various factions, including government officials, pursued their interests." (1988b:153).

These analyses can be seen to give much attention to executive interests and action and to international market conditions, but all provide institutionalist-led accounts of policy development or treat institutional constraints or shifts as central explanatory variables. The institutional terrain is also presented as "ball-park" for contending ideas and ideologies, most prominently in Destler (1986), and this analysis of the relationship between ideas and institutions has emerged as a centrepiece of contemporary or neo-institutionalist analysis in the FEP domain.

Goldstein's studies of U.S. trade policy and protection have powerfully demonstrated how, in the U.S. experience of trade policy, contradictory beliefs in free, fair and

redistributive principles have been embedded in a decentralised state structure of multiple game-playing institutions and bureaucratic organisations. In an approach identifying a critical "ideas-institution nexus", she argues that despite the mercantilist pressures generated by a relative economic decline since the late sixties, the U.S. has remained broadly if imperfectly committed to free trade principles due to the persisting dominance of an encased liberal set of economic beliefs in the state's organisational complex. Understanding U.S. trade and import policy must thus begin with the institutional structures of the trade policy system and the balance of power, including the power of ideas, within that setting. This attention to the role of ideas and beliefs in an institutionalist-led account of policy is also pursued in Mares's (1990) valuable account of Colombian trade and development policy in the period 1951-1968, though here an evident institutionalism is more powerfully informed by a public-choice derived modelling of societal pressures [13].

Work from this perspective then has highlighted that political institutions should be centralised in explanations of foreign economic policy formulation. The perspective persuasively suggests that political institutions are more than simple mirrors of social forces or passive registers for domestic and international pressures, and demonstrates how state structures and complex institutionalised relations influence the way that actors perceive interests, enforce normative limits on the range of political dialogue, and limit the capacities of actors to influence and/or to carry out policy. This said however, certain points have to be made in qualification of the explanatory powers of neo-institutionalist investigation. An institutionalist approach has a tendency to exaggerate the autonomy of state structure from its social basis (Gourevitch, 1986) and provides only a loose interpretation of systemic imperatives. Equally, there is little value in promoting the new institutionalism as a general theory of FEP. First, policy-making in many developing economies is generally a less institutional process. Second, institutions and their inter-relations in given cases are unique historical products.

It is of fundamental importance therefore that as evidenced in elements of the work

considered here, an institutionalist approach is taken as a starting point for a theoretical approach to the analysis of policy development and not as sufficient basis. Theoretical claims must be carefully qualified and care must be taken to systematically examine the role of ideas, organised interests and of arrangements for political dialogue within the given lego-institutional complex. Though analysis will work "inside-out" as opposed to "outside-in" account should be made too of the contribution of international pressures within the policy-making environment.

1.3. v. Ideas, beliefs, and the diffusion of knowledge: cognitive approaches to policy and policy change

Elements of the institutionalist literature, as has been argued, treat the political power and role of ideas as a central variable in the explanation of foreign economic and, more precisely, trade policy outcomes. We have noted for example, Goldstein's particular emphasis on the ideological underpinning of state institutions, and the permeation of ideas in the organisational structure in Destler's analysis. These studies are supported in their emphasis on institutions and the role of ideas by Hall's (1986) analysis of industrial policy-making in Britain and France. This combines attention to the institutional labyrinths of policy-making in modern industrial states with an assertion of the importance of labour and class interest, as well as of the great weight of ideas in economic policy-making [14]. Other elements of a varied 'domestic-centred' literature rejecting the sufficiency of international realist analysis as a theory of FEP formation, also identify, albeit often in a loose or ad hoc manner, that 'ideas' are influential elements in the situation and interpretations of policy-makers. Amongst the public choice theorists for example, Baldwin (1985) recognises that in the wide range of behaviour patterns observable in the trade policy arena, the official pursuit of public policy goals follows not simply self-interested calculation, but also values and perceptions.

In summary then, much of the domestic determinants of foreign policy literature (most powerfully of the broadly institutionalist variant) treats the political power of

ideas as an important part of the policy process. As competitive ideology or values in the policy-making environment, as encased or embedded in domestic institutional structure, and/or as an innovative force at times of institutional change or crisis; ideas and values are seen to count. Nevertheless, the role of ideas and beliefs in policy formation has been largely underexamined in any systematic fashion with only isolated contribution to a self-identifying "cognate" literature on the political economy of foreign economic policy (Odell, 1982; & Rohrlich, 1987) and a small literature on the relationship between evolving bodies of knowledge, communities of experts, and political outcomes (e.g. Haas, 1992; & Drake & Nicolaidis, 1992) [15].

Odell (1990:149), himself a central contributor to this perspective, perhaps best describes the essential premise of the cognitive view, that: "...political behaviour is partly a function of leaders' and publics' values, policy beliefs, and ideologies, and that differences and changes in these ideas will shift policies accordingly." In its broadest sense it encompasses the base of consensual knowledge or economic culture that contextualises and legitimates policymaking on external economic and trade concerns and makes the important assumption that policy ideas (which are not reducible to material interests) can have substantive effect upon policy content.

Odell (1982), finds it necessary to bring in the role of ideas, of altered ways of perceiving the economic, in order to describe fully the shifts in U.S. monetary policy during the 1960s and early 1970s, rejecting the idea that theories relying on interests, power dynamics and international market conditions alone are adequate for an explanation of U.S. monetary policy. In asserting the role and political power of ideas in the modern course of U.S. monetary policy [16], he theorises a conflict of ideas and policy recommendations within the complex structures of state. This involves policy-makers typically disagreeing among themselves over the validity of particular ideas and often reassessing policy and interest in the face of new ones. Here, as recent attention to "epistemic communities" has developed (Haas, 1992; Drake & Nicolaidis, 1992), the idea of intellectual innovation and of policy entrepreneurs and experts as agents in shaping and reshaping the interpretations of decision-makers, is stressed,

though Odell's concentration falls notably on the circulation of schools of thought through government by means of personnel turnover.

Odell (1982) also argues that "specific beliefs" (individuals' causal maps of the world and the immediate situation) and "general beliefs" (theories or ideologies) appear as influential predispositions in the policy process. Thus, while Odell's emphasis on the impact of new ideas is more central to the cognate literature in FEP than the "perceptual" and "ideological" arguments of FPA, there is evidenced here a clear view that actor's understanding of the world and the formulation of actions are shaped by personal cognitive maps and by more widely held prevailing ideas. Thus Holsti's (1967) familiar argument that belief systems impose "cognitive restraints on rationality" and the broad view of the cognitive FPA literature that decision-makers' (mis)perceptions and responses are shaped by interpretative images and cognitive maps, are given some transposition into the cognate literature in FEP [17].

Prevailing ideas and general beliefs are evidentially influential in economic and foreign economic policy-making, representing important factors in the determination of policy choice and persistence. For instance, under the sway of economic liberalism, open trade policies emerged and remained prevalent in the nineteenth and twentieth despite strong pressures toward protectionism (Kindleberger, 1973; & Goldstein, 1988) and, after an internationalised popularisation of neo-liberalism in the 1980s, governments all over the world have moved markedly toward more market-oriented policies and toward GATT membership.

Rohrlich's (1987) contribution to the cognate literature in FEP provides particular insight into how prevailing ideas informed British economic and commercial policy in the nineteenth century, but adds new slant to such argument. In a "cognitive dynamics" model, Rohrlich (1987) contends that not only are decision-makers preferences and generally dominant beliefs important in their definition of a situation, but that there are broad influential social perceptions or philosophies that "guide" policy-making. In short, the entire policy-making community is subject to, and

constrained by an 'economic culture' which legitimates the methods and goals involved in the ordering of the state's economic life. It is Rohrlich's (1987:70) argument that:

"[The] culture designates what will be perceived in the surrounding environment, how it will be interpreted, and which reactions will be considered appropriate..[it] provides the litmus test that any economic policy must pass to be considered legitimate."

This approach is tested well, if narrowly, in analysis of the adoption of liberalism in nineteenth century Britain, with the emergence of "cultural acceptability" portrayed as a central factor in the passage of British trade strategy to a new liberal era. Highlighting the failure of past policies for social economics, the extent of economic and social hardship in nineteenth century Britain, and individual crises such as the potato blight, Rohrlich suggests that the British policy initiatives establishing its international economic policy as the "paragon of trade liberalism", found a necessary legitimacy in altered social attitudes and popular support for the liberalist ethic. This is a concentration on the social cognitions of the emergence of new ideologies or paradigms and is as such a deeper account of the context of policy-making than one which gives a broad brush of historical or ideological forces. This is not to argue however that its conception of societal demands and their impact is comprehensive or satisfactory. This, in truth, is a significant flaw in this model along with the inability of a cognitive dynamics approach to conceptualise, in anything more than a general fashion, the functioning of cognitions in the operational processes of state policy-making. Nevertheless, its basic argument that explanation of the adoption of new policy or of policy preferences might usefully include consideration of contextual ideology and the broader economic culture, is a valid one confirmed in less rigorously modelled analyses of "foreign" policies and of industrial policy-making. One thinks here for example of Thurow's (1992) assertion of fundamental divergences in the economic philosophies of different capitalist systems as impactful upon the course and terms of industrial policy among OECD economies. These philosophies are, as in Rohrlich's model, a product of historical experience, and though less is said here about cultural legitimacy, Thurow asserts the deep cultural and institutional embeddedness

of 'individualistic' and 'Communitarian' philosophies in the Anglo-Saxon economies (the U.S. & U.K.) and Japanese and continental European economies respectively.

Rohrlich (1987) may thus reasonably argue that in his cognitive dynamics approach we have a widened conception of what underpins motivation and a necessary account of the policy influence of economic cultures and of human cognitions (as cultural collectives). And though his approach does little more than more sharply conceptualise an often implicit judgement that policy options may be constrained or altered by broad economic culture or philosophy, it ensures that an adolescent "cognate" literature in the study of FEP, encompasses not only an emphasis upon individual cognitions but also a formalised attention to social cognition and consensual social beliefs. In offering the concept of economic culture as the "confluence of cultural legacy, historic experience and contemporary circumstance" (1987: 92), Rohrlich may fail to replicate Odell's demonstration of the functioning of particular and competitive ideas in the operational processes of the state but does add further insight into the question of why particular ideas or strategies take hold and grow.

The utility of cognitive approaches turns largely on this question, on the notion of conflicting policy ideas and/or recommendations, and on a burgeoning literature on "epistemic communities". This latter body of work represents a valuable complement to "competitive" and "belief-centred" approaches by adding such specification on how ideas emerge, diffuse and change. The view presented in this aspect of the cognate literature is that epistemic communities (communities of experts and technocrats), interactive with national and transnational bureaucracy, "function more or less as cognitive baggage handlers as well as gatekeepers governing the entry of new ideas into institutions." (Haas, 1992: 27). The relevance of this literature and its depiction of a channelling of advice and expertise at times of uncertainty among policymakers, is established by developments in international economic cooperation and international trade. As the focus of regulation, policy and governmental responsibility falls upon ever more complex issues, e.g. services trade and international environmental standards regulation, there is ample evidence of policy-makers' utilisation of networks

or communities of specialists. Drake & Nicolaidis (1992) for example clearly demonstrate the influential role of such communities in framing the discussion over international trade in services in the context of the Uruguay Round and preceding period.

In specific issue-areas then, this body of analysis suggests that how states identify their interests is a function of how their problems are understood and that this understanding is heavily influenced by those to whom they turn for advice and by those "illuminating the salient dimensions of an issue.." (Haas, 1992: 04). The diffusion of new ideas and information, as Odell (1982) identifies with respect to U.S. international monetary strategy, can lead to new patterns of behaviour which are only comprehensible with at least partial adoption of an epistemic communities approach. A key implication of this is that state interests are seen to have a non-systemic origin and that state actors are seen to be what Haas (1992) labels "uncertainty reducers" as well as power and wealth pursuers. The doubt that this casts over the sufficiency and suitability of international realist explanation of foreign economic policy, is however balanced by an identification of transnational linkages between epistemic communities, as a source of international co-operation and internationalised policy co-ordination. Here we observe an assertion of shared beliefs within transnational networks as a key factor in enhanced international policy convergence [18].

Although only select issues stimulate sufficient uncertainty among policymakers to leave the weight of expert advice as the central force in calculation of state interest, and though it may well be the case that leaders will only defer to technical expertise if that expertise dovetails with established ends, existing preferences and calculated political expediency, we thus miss a potentially important factor in policy formulation without the form of attention characteristic here. In conditions of uncertainty and in less politically motivated cases, sufficient evidence exists to conclude that epistemic community members can circumscribe boundaries, delimit options, and influence the actual choice of policies, and the outcome of this is a clear direction toward a closer examination of the relationship between ideas (as knowledge), state institutional

structure and bureaucratic politics. The evidence with respect to international policy(ies) on commercial services suggests that epistemic communities and associated agencies and institutions can become important actors and transmitters of policy ideas and recommendations where they are part of the policy formulation process. Even in traditional policy sectors such as agriculture, expert services play a leading role in identifying, calculating and modelling "policy effects" (see chapter five).

The extent to which the centralisation of cognate factors is a seemingly necessary part of thorough policy analysis in this domain is underscored by aspects of a wider literature on public policy and international policy behaviour. Much as the epistemic communities angle on policy formulation directs us toward analysis of the structural conditions of ideas, their journeys and "contests", so the notion that ideas inform foreign economic policy is made less provocative and more persuasive in a simultaneous focus upon ideas and institutions in recent collaborative study of foreign policy change (Goldstein & Kohane, 1993) and in wide-reaching studies covering Latin American developmentalism, oil politics & policy, technology, and Gorbachevian foreign policy (see respectively, Sikkink, 1991; Alt, 1987; Adler, 1986; & Checkel, 1993). Checkel's (1993) study of the Gorbachev foreign policy revolution, for example, centres on the diffusion of new policy ideas under transforming international conditions through domestic institutional structure, with clear demonstration that the channeled concepts and intellectual frameworks of Soviet academic specialists "mattered tremendously" in the development of the Gorbachev revolution. And Sikkink's (1991) account of development strategies in Brazil and Argentina provides further suggestion of how ideas "survive and flourish to the degree that they find an institutional home or sponsor" (1991:002). The latter analysis also evidences the importance for policy outcomes of the beliefs of top policy-makers and of the insertion of new ideas into ideologically-occupied political spaces

The conclusion we are led to draw here then is that whilst an analysis of the political role of ideas may be a valuable route to an improved understanding of international trade policies, an institutionalist/organisational dimension to analysis centred on

ideas and beliefs (as with cited public and foreign policy analyses) is essential if the role of cognate factors behind policy is to be rendered comprehensible. Present "cognitive" approaches to the study of foreign economic policy might be informed that ideas are not all that matters [19] and we may witness an evident eclecticism in such examples as Odell's (1982) emphasis on the interrelationship of markets, power and ideas as sources of international monetary policy, but fuller account of the critical relationship between ideas and domestic structures is what is required. Thus, though we learn from the cognate literature that thorough policy analysis in this domain needs an incorporation of the political power and policy influence of ideas, and that ideas are a central feature of decision-making environments and a powerful influence upon "interests", the challenge to the cognitive view on FEP is a stronger investigation of this relationship, of an ideas-institutions "nexus" central to the policy-effect of all actors, their ideas and recommendations. It is only through such an approach that cognitive insights can be made more effective and that ideas-centred approaches to foreign economic policy can be made more resistant to charges of theoretical imprecision. It is an important lesson to political economists centralising cognitive factors in explanation of policy outcomes, that popularised cognitive approaches in sixties and seventies IR scholasticism quickly fell from vogue with only vague account of the political power and institutional context of ideas in attempts to explain foreign policy and aberrations in international behaviour on the basis of beliefs, images, cognitive maps, and (mis)perceptions.

1.4. FUTURE DIRECTION IN TRADE POLICY ANALYSIS

Two broad arguments have been established in this chapter following on from the earlier identification of the requisite of a political economy approach to the understanding of foreign economic policy. First, it is clear that the five general perspectives proposed here for analysing choice and change in international trade policies may all have a certain utility for furthering our understanding of policy but, when taken in isolation, are all (if variably) insufficient as the effective basis of a "theory" of policy formulation. Each views the state's actions from a different angle or

alternative concentration- the pressures of systemic forces & structures, the machinations of domestic politics, the guidance and definition of state interests, the balance and influence of domestic institutional structures, and the political role and exchange of ideas and beliefs- and as a result of these respective concentrations we learn, in greater detail, of the policy effects of varied forces.

Yet the extent to which studies from these "competing" perspectives contradict the conclusions of others in similar empirical focus, and the overwhelming evidence of multiple influences upon contemporary foreign economic policy, establishes clear limits for a theory of the political economy of trade directed along such demarcated and fragmented lines. Any such concentration can yield only partialistic contribution to policy understanding as insights from other schools of thought are neglected or peripheralised in attempts to arrive at the simplest possible explanation of particular outcomes. Thus the attempt to provide a systems-level account of foreign economic policy flounders on the absence of a systematic account of influential domestic level variables, the importance of which is established elsewhere, and an interest-group or public choice approach to trade protection sacrifices an attention to the real complexities of domestic politics and policy-making processes in the simplifying postulates of rent-driven behaviour and equilibrating political markets.

The second key argument here, and subsequent to an identification of a clear "opportunity cost" in narrowly-drawn analysis, lies in the weight of observation and discrimination in section 1.3. It should be established by now that I am sympathetic, first-and-foremost, to "institutionalist" frameworks of policy investigation and that I am supportive, from this starting point, of an integrative focus upon the relationship between institutional structures and dynamics and the apparently significant political role of cognate factors. This emphasis on an ideas-institutions "nexus" reflects powerful evidence in several of the analyses reviewed in this chapter. Equally however, it should be clear that whilst I am unconvinced by the logic of micro-political explanatory frameworks (the dynamics of state-society relations are poorly conceived in the existing FEP literature), I am more than conscious of impressive evidence

suggesting the influence of special interests and of societal interest formation in modern commercial policy formulation. The challenge of course is to account for that influence whilst respecting that policy-making does not take place in an ideological or institutional void and that institutions, structures of decision-making and of "beliefs" (group & individual) shape the ability of private actors to influence decisions. Fundamentally, special interests appear to influence policy only to the degree to which they are impactive within institutionalised processes of policy formulation with decision making structures and procedures significantly influencing the extent to which certain actors (including private actors) can shape policy decisions.

Subsequent chapters hold the task of adding empirical support and the exact underpinnings to a research strategy along such lines, but this chapter has already evidenced the centrality of these factors and their relationship to several trade-related and wider foreign & public policy outcomes. This approach, it is proposed, is only one possible departure in a more integrative approach to FEP analysis, and part of a wider exercise of bridging, refinement and sophistication in positive political economy analysis in this domain. The suitability of such an approach to the case of the European Community remains of course to be established but there is "a growing convergence among international relations and comparative politics scholars" that the EU is best conceptualised "as a multilevel structure of governance" where private, governmental, transnational and supranational actors "deal with each other" and with each other's ideas and interests in highly institutionalised networks of varying density (Risse-Kappen, 1996:62). This emphasis on variation in institutional arrangements, of "networks of varying density", suggests that in different areas and on different issues, the access and bargaining power of certain institutions and actors is not always strong or significant.

This inevitably raises the implications and inherent assumptions of such argument, and it is important that certain clarifications are established at this juncture and ahead of an application of ideas to concrete case analysis.

One implication of such argument and a promotion of an institutionalist-led integrative approach, is to establish further distance between positive political economy and a rigorous definition of theory. As Odell (1982:009) observes in his review of alternative FEP approaches, existing directions and explanatory frameworks, however salient and however far reduced to their essentials, already fail to meet the more rigorous definitions of "theory", with each providing only sets of questions, hypotheses and expectations. A move to more integrative and historically-based analysis and thereby toward a more eclectic basis of explanation only further directs us away from the "ideal" of a general theory of actor behaviour in this realm. It is a basic argument here however that an understanding of foreign economic policy can be best improved through theoretical pluralism, by integrating different levels of analysis, and by carefully studying individual cases and specific situations. As Dillon, Odell & Willett (1990:275) observe: "Our primary need is not for new attempts at grand theory but rather efforts to develop a better synthesis.." and in such exercise, to which this thesis stands as fresh contribution, the variety of existing approaches merely provides "a checklist of considerations the analyst should review, at least in preliminary fashion" before identification of salient characteristics and the adoption of a suitable and an inevitably integrative approach to the case under investigation.

Such an approach is "theoretical" in method and application but the natural outcome here is the production of conditional or contingent theory, developed and offered in particularised case investigation. Again, by conditional theory, I mean the identification of functional relationships between key explanatory variables and political outcomes relevant in a given case and a particular set of conditions. There is no assumption of explanatory power in alternative cases where the configuration of conditioning variables is distinctive or diverging, though identification of a set of determining variables in a selected empirical case may, as is argued here, suggest a broad theoretical strategy for subsequent individuated case analysis. Comparative analysis will help to identify contingencies that influence the effects of each explanatory variable and underlying differences in results.

Subsequent suspension of the project of a general theory of foreign economic policy formulation is only a problem however to the extent that future direction in political economy analysis should replicate the effective limits and failings of prior analysis in this field, and should continue to simplify a reality of complex policy-making in complex and varied decision-making environments. The room for such an ideal has surely diminished as successive analysts of foreign economic policy have been presented with contradictions of their conclusions when the unit of investigation has been shifted or other variables introduced or reconceptualised. To illustrate the point here, it can be seen that convincing and ascendant explanation of American foreign economic policy has traditionally centralised the role of interest group politics in the shaping of political outcomes, but that persuasive, recent study of U.S. trade and monetary policy has drawn alternative attention to the centrally important role of state structure and the political power of ideas. It remains the case furthermore, that the interest-group/public choice model is largely ill-suited to trade policy explanation in developing economies where private-sector interests are generally expressed informally or are absent altogether.

A second implication of a research strategy taking as starting point the inseparable function of ideas and institutions within domestic structure, is to clearly establish the domestic level of analysis as the primary analytic level. This is despite the popularised realist claim of the primacy of foreign policy and, by extension, of the international system [20]. Whilst this is contrary to a prevailing neo-realist paradigm in International Relations, this chapter has established the fundamental limitations of the unitary postulate and a "black box" treatment of domestic structure where the task is the explanation of international behaviour (here international trade policy and action) in specific cases and in specific form. Casual empirical reference, and much made here in this chapter, underpins the basic argument that unit-level variables are central to political outcomes and that substantive differences between states and their policy-making surface when the black box of the state is penetrated. Structural fragmentation, private interest and encased liberalism appear, for example, as central

variables in the construct of U.S. trade policy addressed in this chapter, whilst a recent study of Korean commercial policy has emphasised the major consequence on policy substance of conflicting internal liberalist and dirigiste impulses on a "lurch-and-halt" economic policy, of "process immaturity" and the lack of a central trade policy authority (Bartlett, 1992). Differences asides, a recent review of a range of national trade policies in the 1990s (Howell et al., 1992), shows that:

"Each of the countries studied contains a number of key policy fiefdoms, many of which do have very clear objectives and strategies of their own be they protectionist, developmental, expansionist, or laissez-faire..[and that] the most important institutional actors in the international trade arena tend to be those individual government subunits that have managed to amass enough autonomy, political influence, and cooperation from private sector allies to implement at least a substantial part of their policy agendas."

Manifestly therefore, positive political economy analysis requires an account of unit-level variables and policy-inputs, and within this a theory of the political process and of the pushing and pulling of competing bureaucracies, institutions and interest groups in structures of governance and policy management. Unlike systemic approaches, analysis rooted in attention to domestic governance structures, ideas, institutions and interests, offers an account of intra-state politics and process, and faced with the task of explicating actor behaviour, McKeown (1986:56) is entirely accurate in suggesting that:

"theories which purport to predict decision processes as well as decision outcomes are stronger theories than those which purport merely to explain outcomes".

It is of central importance however that the starting point of an institutionalist focus and the development of an integrative domestic-centred approach drawing on elements of the state-centred, societal and cognitive FEP literatures, should be appreciated not simply as an assertion of the importance of the domestic level in the shaping of international behaviour, but for the degree to which it provides scope for an added account of internationally situated variables, systemic forces and imperatives. The starting point of international or structural analysis is rejected, but as Katzenstein (1977:587) stresses, domestic structure is the great intervening variable

between international interdependence and national political strategies, and subsequent analysis emphasises an international or external context to policy-making processes with appropriate stress upon "external" environmental influences, internationally-driven "windows of opportunity" for policy innovation, and exogenous limits on policy options. Never are these factors promoted to the point that they become the key explanatory variables of policy action or behaviour but the attention to such structural or international influences within analysis driven by primary focus on internal structures and processes is more developed than that generally provided in "narrower" unit-level and sub-unit level analyses.

To conclude this chapter, my argument in this thesis has arrived at the view that the debate on the "determinants" of foreign economic policy (the term "influences" is preferred here), and of international trade policy as prime example, should rotate less around whether state actors, societal actors, or international pressures are more important, and more on how institutions differentially process external constraints, how they mediate interests and socially-generated pressures, how they represent institutional interests and ideologies, and how they structure the access of groups and ideas to the decision-making process. Furthermore, it is erroneous to think in terms of "determinants" of policy at all, suggestive as that is, of simple cause-and-effect relationships and general laws. To that aim and under such assumption, I have loosely characterised an analytical agenda or "research programme" centred on the inter-relationship of institutional structures, ideas and interests, and emphasising the particular influence of domestic institutional structures and dynamics on political outcomes in the trade domain.

The gravitation towards such an approach to positive political economy analysis is then led both by the apparent successes and failures of a fragmented body of theory in the study of FEP, and by considerable empirical evidence vis-a-vis the importance of institutional structures and dynamics and of institutionally-located ideas and organised economic interests in the determination of trade, wider public and foreign economic policy outcomes. In the next chapter I attempt to give more precise outline

to a multivariate model for analysis centralising these variables, and do so with particular attention to the Community system of policy-making and of existing conceptual frameworks as applied to the Community model, centrally the "governance structures" and "policy networks" approaches. Integral here is both an evaluation of the project of analysing Community commercial policymaking (in light of its unique complexity and the limited intellectual armoury of FEP) and a first characterisation of its political economy more fully developed from chapter three onwards. The particular analysis of Community policy in the contexts of Uruguay Round and regional trade negotiations, providing as it does evidence of the practical utility of such an approach to Community trade policy, then forms the basis of chapters four to six, where I conceptualise critical interplays of institutional structures, organised interests and policy ideas as the basis of an account of policy formulation.

Finally here, the case of EC trade policy is not selected primarily to test or to prove the utility or validity of the theoretical approach adopted in this thesis (indeed a position on the literature and certain prescriptions have been reached irrespective of its case) but as a correction of the general paucity of studies of the political economy of "European" trade policy and as a response to the challenge of applying the concepts in its unique domain. What follows should not be assumed to be biased or in any way "tailored" to meet initial assumptions. Indeed, my arrival at a combination of approaches and at an attempt to confront wider impulses from the starting point of an "open" and broadly institutionalist approach is some distance from my point of departure in research here as outlined in the introduction to this thesis.

CHAPTER ONE NOTES

[1] According to Karl Popper (1959: 59):

"To give a causal explanation of an event means to deduce a statement which describes it, using as premises of the deduction one or more universal laws, together with certain singular statements, the initial conditions."

[2] Insights from public policy analysis are treated in some depth in chapter two of this thesis. Relevant here too is Cowhey's (1990:206) observation that international trade policy is becoming "increasingly intermeshed" with international and domestic regulatory policy as a consequence of the intertwining of trade in goods with trade in services, traditionally subject to domestic and international regulation.

[3] The framework for analysis here is informed by the survey of approaches to explaining American foreign economic policy in Ikenberry, Lake & Mastanduno (1988), and by the review of theoretical themes in the understanding of international trade policies in Odell (1990). Concise overviews on the theory of the political economy of foreign economic policies also feature in Odell & Willett eds. (1990); Cohen (1990) and Rohrich (1987). Ramesh (1994) also provides a useful survey of the literature on trade protection and on inter-industry variations.

[4] In the study of international politics, see the major contribution of K.V.Waltz (1979) and the debate in R.O.Keohane ed. (1986).

[5] Several historical episodes in American policy either confound or escape analysis under this theory. The essays by Goldstein, Mastanduno, Haggard and Frieden in a special edition of *International Organization*, 42 Winter 1988, raise examples ranging from Smoot-Hawley in the 1930s to U.S. trade policy in the 1970s and 1980s.

[6] Lake's (1988) 'structural' analysis at least recognises the fundamental need of examining domestic politics seriously and postulates a political contest between the foreign policy executive (seeking to adopt policies reflective of the national interest) and the legislature (seen as reflecting societally generated interests). International pressures remain the shapers of trade strategies but how far they permeate into policy depends on the power of the foreign policy executive in the domestic arena.

[7] This is reflected in the differing categorisations of FEP theory in Ikenberry, Lake & Mastanduno (1988) and Odell (1990), and their degree of overlap. To repeat, Ikenberry et al. identify three analytical and theoretical approaches to FEP-system-, society-, and state-centred-, whilst Odell categorises analyses of international trade policy (the principal field of FEP theorising) along the themes of market conditions, political institutions, beliefs and values, and global political economic structures.

[8] Early public choice analysis of the determination of tariff structures across industries, explained cross-sectoral variations in levels of protection through uneven special-interest group pressures for protection. Such study suggested, and empirically supported, the existence of differing lobbying costs and benefits within industry, with more concentrated industries identified as better able to organise and to muster political pressure, with a smaller core of enterprises better able to bear the transaction, organisation and lobbying costs associated with getting tariff protection.

[9] Marks & McArthur (1990) offer traditional arguments regarding the emergence of organised protectionist and anti-protectionist pressure but do not see the behaviour of politicians as simply determined by vote and revenue maximising interests. Alternatively, in a broader model, they show that despite constituency interests and the power of the vote and revenue maximising imperative, U.S. congressmen and their trade votes are seriously influenced by their own ideological beliefs especially in cases of lower political opportunity cost.

[10] For a developed explanation of the theory of rent-seeking see A.O.Krueger (1974).

[11] Zysman (1983:300) identifies structural elements of state bureaucracy as central to the measure of a state's capacity for industrial intervention. The prominence of central bureaucratic institutions, the degree of centralisation and rates of personnel turnover within government civil service, and the extent of independence from legislative oversight, is the key to the degree of "state strength" in Zysman's account.

[12] March & Olsen (1984; & 1989) have described a renaissance in "institutionalist" analysis in political theory as a whole. In this spirit these analyses are a part of a "new institutionalism" restoring traditional political science interest in the role of organisational structure in the definition and management of public policy.

[13] Mares (1990:218) argues that state actors utilised institutional innovations within the political system and between branches of government (the executive and the legislature) in Sixties Colombia to alter the incentives structuring societal behaviour and to increasingly insulate some areas of economic policy-making within the executive. The argument here is that these changes would be incomprehensible without an institutionalist-led approach.

[14] Hall's work is reviewed in Kesselman (1992).

[15] The referenced works of Haas (1992) and Drake & Nicolaidis (1992) are combined with several articles on epistemic communities in a special edition of *International Organisation*, 46, Winter 1992.

[16] Odell (1982) concludes for example that the policy innovation of creating a new international reserve asset and a new basis to U.S. monetary policy in the mid sixties could only be satisfactorily explained by the factor of intellectual innovation. And in another investigated phase of monetary policy, he illustrates how an oscillation away from traditional alliance diplomacy after 1968 and then back again in 1972 was driven in large part by changing sways in monetary theory and by the impact of new ideas through personnel changes.

[17] Cognitive approaches in International Relations were popularized in the 1960s and 1970s. Much of the work developed in FPA focused imprecisely though on the political power and institutional contexts of ideas and used cognitions, perceptual processes and belief systems to explain aberrations and/or change in foreign policy behaviour.

[18] The broad assertion is that particular epistemic communities have, within a common enterprise, a common set of principal and causal beliefs (analytic and normative) and shared notions of validity. Transnational communities may emerge through research and institutionalised collaboration, but often organisation and activity has a strictly national direction. Where transnationalism emerges, taking root perhaps in an international organisation, the diffusion network is enlarged and as a result, the community may have a systematic impact (Haas, 1992: 16-17).

[19] Rohrlich (1987: 92) for example suggests the need for a combination of his cognitive dynamics approach with "other tools" for the task of thorough policy analysis, and Odell (1982:362) comments explicitly that "[t]aken alone the cognitive perspective is inadequate,".

[20] To this extent, the approach advocated and adopted in this thesis in focus upon foreign economic policy, contributes to a broad assertion within the literature of International Relations of the importance of domestic structure and the contribution of the domestic politics of states to their international behaviour. Debate has centred on which aspect matters most and beyond those referenced studies attentive to (foreign) economic policy-making (e.g. Katzenstein, Hall, Gourevitch & Goldstein), a number of contributions can be usefully identified including those of, Allison & Halperin (1974); Levy (1989); & Snyder (1991).

CHAPTER TWO: UNDERSTANDING INTERNATIONAL TRADE POLICIES & THE CASE OF THE EUROPEAN COMMUNITY

INTRODUCTION

The opening chapter to this thesis centred on the positive issue of how best to analyse and to understand "foreign" economic policy-making in the modern era. In rejection of economistic frameworks for the address of trade policy and following consideration of a range of perspectives evolved in the study of foreign economic policy (FEP), analysis has established both the fragmentation of political economy approaches to international economic policy-making and the utility of particular analytical frameworks in conceptualising a reality of multiple influences upon international behaviour. The theorisation of international commercial policy-making within this body of knowledge can be seen to represent a particular contribution to the understanding of international trade policies leading to new questions about policy development, the state and the international economic order.

The basic issue succeeding this first phase of analysis is the applicability of analytical perspectives within this world of FEP theorisation to the unique and neglected case of EC external trade policy and the degree to which existing understanding of Community decision-making can inform our conceptualisation of its international trade policy-making. We encounter here a reality of "supranational" policy management and authority largely unaddressed in the FEP literature, as well as a range of developed models of European Community policy-making per se. The fundamental question within this overarching concern is the utility (or otherwise), and possible development of, what has been proposed as an integrative analytical approach centred on the formative role in trade policy-making of institutional structures and dynamics, organised economic interests, and the political role of ideas. The first section to this chapter (section 2.1) reflects on the challenges, obstacles and opportunities inherent in such analysis of EC commercial policy-making, and section 2.2 extends to a review of existing models of EC decision-

making assessing their usefulness in this context and establishing some clear grounds for an intellectual bridging between FEP and EC decision-making literatures. Though introductions are made to the EC policy system here and though its trade regime is given broad characterisation in this chapter, it remains the task of later chapters (of especially chapter three) to detail the organisation, mechanics and instruments of Community commercial policy.

Again, as a point of explanation, this chapter will normally refer to EC trade policy not excepting occasional reference to the European Union. Though this "Union" is now firmly established, commercial policy management and related responsibilities are the specific preserve of the first pillar of the new European Union, namely the European Community (see appendix 2 for a representation of the EU's three-pillar structure). We may also note that the term EC is appropriate for most of the period under examination in this thesis.

2.1. CAVEATS & CHALLENGES: FEP THEORISATION AND THE STUDY OF THE COMMUNITY MODEL

Among initial observations here, it is interesting to note that contemporary study of the "external" economic policy-making of the European Community has been, to date, largely uninformed by the insights of the 'FEP' literature and that despite the existence of a common European trade policy as a rare and early island of Community competence and joint action, observations on EC commercial policy continue to be somewhat erratic, infrequent and largely untheoretical. Indeed one may readily observe a general paucity of studies of the EC's political activity and policy-making in the realm of external economics despite a voluminous address of EC decision-making in general terms (shortly to be reviewed). Though European trade policy may represent an "integral" centrepiece of European integration- perhaps even a "waylaid" one as some have suggested (Ginsberg, 1990)- analytical address of external Community trade policy and trade diplomacy has turned largely

on technical, economistic and legal examination with only marginal and piecemeal address of the corridors and channels of policy-making and of motivating factors [1].

Where analysis has offered genuine commentary on the political economy of European trade policy, the crucial insights of FEP-associated approaches to policy analysis have been largely eschewed and explanation of policy has turned on mainstream politico-scientific theorisation and meso-level conceptualisation. Dominant here are accounts of internal bureaucratic politics (e.g. Patterson, 1983; & Ostry, 1990); of "special-interest politics" (e.g. Nedergaard, 1993); of corporatism and bargaining (e.g. Farrands, 1983); and of competing policy recommendations (Sedelmeier, 1995). All of this analysis is useful in highlighting important aspects of the EC trade policy context, including specific sectoral networks, but much of this work is either underdeveloped and lacking in genuine empirical content (e.g. Ostry, 1990; & Nedergaard, 1993) or remains tied to a sectoral concentration and conscious specificity of focus and argument (e.g. Farrands (1983) on Community textiles trade policy and Sedelmeier (1995) on steel trade liberalisation). Generally here, though again the latter two works represent something of an exception, there is a tendency to centralise particular variables without attempt to test or to adequately demonstrate their relative importance when dense networks of policy inputs/influences may be reasonably assumed. It is also the case that where we observe more detailed overarching accounts of the political economy of EC trade policy, insight has been largely limited either by the reality that the political economy of policy is but a secondary or peripheral concern in wider project on the "matter" of trade-diplomacy & negotiation (e.g. Woolcock, 1993a; & Murphy, 1990a & 1990b), or by a particularised attention to the political economy of Euro-protection (e.g. Volker, 1987; van Beal & Bellis, 1990; & Tharakan, 1991).

2.1. i. FEP theorisation in the European domain

As we stand presently we have yet to examine seriously the particular qualities of

the EC system nor a vast literature upon its decision-making processes and course of integration. Approaches to EC decision-making and development, as evolved by International Relations and comparative politics/policy analysis have increasingly thrown valuable light on its case and much recent work on the EU indicates a sophisticated and useful conceptualisation of its internal dynamics and political arena. Before this however, some further comment on the paucity of rounded study of the political economy of EC trade policy and on the challenges posed by the EC model to FEP theorisation.

Unquestionably the relative neglect of such study contributes to a serious lacuna in the fragmented world of politico-economic knowledge as developed in the study of foreign economic policy. By evolving almost exclusively in the American domain and with little empirical reference to the EC case, the theory of the political economy of foreign economic policy, surveyed and assessed in preceding chapters, has failed to be subjected to a challenging test rooted in the distinction (and relationship) between national and supranational policy-making and structural organisation, a test which might in itself question the very concept of a "foreign" economic policy. Whilst we have considered in the preceding chapter the maturity and diversity of theorising in this latter regard, we have equally attested to a state-centricity and to a restricted empirical test-bed characteristic of that literature. Though analysis has been made of the constraints international organisations and regimes place upon states in the international system, the institutional and legal structures underpinning the European Union are considerably more elaborate and constraining on member states than has been the norm for international regimes.

In examination of the EU case in fact, we confront the unique reality of intergovernmental co-operation combined with the "supranational" management of trade policy, and the related conceptual challenge provided by the permeability and break-down of the 'international-domestic' and 'state-society' boundaries with which we are generally familiar. The importance of this point is considerable, drawing attention to changing realities in the international political economy and

raising questions over the validity of traditional notions of foreign economic policy and over traditional assumptions of "actorness". Foreign economic policy is no longer the preserve of states or traditional sovereign polities with the EU, in a very real sense, an institutional expression of transnationalising forces within the global system identified to be moving much economic policy-making and regulatory authority from the sovereign state entity towards transnational networks and regulatory structures (see for example M.Smith, 1994; & Majone, 1993). And yet, no developed theory of the political economy of trade policy has evolved in application to the foreign economic policy of organisation above the nation-state where that organisation is more than an intergovernmental construct. This is of course the case with the European Community and its external economic policies within the wider structure of the European Union (EU), and is a fundamental aspect of the interest with its case underpinning this thesis and analysis.

2.1.ii. The possibilities of a theoretical approach

What is faced therefore is both caveat and challenge. The caveat of a general paucity of the study of foreign economic policy-making above the nation-state in the literatures of FEP and International Political Economy (IPE), and the challenge of understanding the political economy of foreign economic or trade policy in the unique and "supranational" case of the European Union. Furthermore, if the way that EC trade policy stretches and tests the concepts of FEP is a foundation stone for address of its case, then intrigue with its example is only compounded by consideration of the influence and very substance of EU external economic relations, of "European" trade policy and practice. The EU's responsibility for about a quarter of world output, a fifth of world merchandise trade, and a third of trade in international services, can only support a sense of inappropriate neglect and of appropriate project (see appendix 3), whilst the clearly paradoxical qualities of its trade policy add to the fascination with its case [2]. Indeed over recent decades, the trade policy analyst encounters complex oscillations between liberalist and protectionist impulses in EC trade policy and a persistent hot-bed of tensions

relating to inherent (and oft-conflicting) national, regional and global interests. In short, not only is European Community trade policy a necessary focus for political economy analysis but it is also quite intriguing ground for the policy observer.

The key question here then, as identified, is the extent to which a theoretical approach to the political economy of EC trade policy is actually realisable in light of the complex nature of the European Union as a quasi-federal organisation, in the face of the unique qualities of the EC as a trade policy-actor, and in a context of particularised conceptions and analytical "tools" in established foreign economic policy analysis.

Problem here begins with the distinctiveness of the EC as agent- as a supranational policy authority and collective policy manager- and with the inherited analytical "toolkit" of IPE and the address of foreign economy policy. Within the discipline of International Political Economy, the category of foreign economic policy analysis (FEP) has evolved in address of the actions of state-policymakers or national governments, with that category defined by one of its earliest analysts as including "government actions with important impact on relations with other governments and on the production and distribution of goods and services at home and abroad." (Destler, 1980: 7). The essential point here of course is, that the EC is not a government in the sense implied and its common commercial policy is not simply a national or state trade policy formulated at that level. In the case of the European Community, as is to be made clear throughout succeeding chapters, we are presented with a complex "multi-levelled" trade policy system encompassing heterogeneous actors at the subnational, national and transnational levels and a strong measure of supranational policy-making. Thus, as Smith (1994:454) suggests, with the term foreign economic policy itself implying the existence of a state, the Community might be seen to raise special problems.

Traditional conceptions of the state and of foreign policy underpinning much foreign policy analysis are certainly brought into serious question by the

supranational qualities of the EC, to the extent that its case may indeed appear to be especially problematic. As Smith (1994) himself is to emphasise, the EC case is evidence of the fact that government is no longer exclusive to the agency of the national state (at least in select domains) and, moreover, effective control over security policy can be seemingly distinguished from control over foreign economic policy. The international presence of the EU and the systematised external economic relations (EERs) of the EC clearly constitute a form of foreign economic policy governance above the nation-state and yet there is no established commonality in policy terms in the areas of defence and security to match that in the EER realm. It is thus that the EC case may, as Smith (1994) suggests, signal a clear need for the re-examination of the relationship between statehood and foreign policy, and may in turn be seen to problematise a prevailing realist notion of foreign economic policy implanted firmly in the broader national interest and its overall management.

Continuing this theme, Tooze (1994) is also to observe that EU membership has, for those party, brought about an altered relationship between the state and the international economic system and a challenge to traditional notions of the state encapsulated in the concept of sovereign independence. The trade policy processes and powers of the EU member states- as a consequence of treaty ascriptions and of the very structure of the EU customs union- have now been left very different from those of non-members. Tooze (1994) emphasises the extent to which the institutionalisation of members' interdependence, the depth of the incorporation of EC rules & regulation into 'national' political economies, and the scale of transnational policy structures and networks, leaves the nation-state in the EU domain far removed from the traditional "sovereign" model and conception (Tooze, 1994: 76). As an aspect of this, the "crucial difference between foreign economic policy between and among members of the EC, and foreign economic policy external to the EC" (Tooze, 1994: 70) means that certain foreign economic relations (that is those internal to the EC) are only meaninglessly classed as the subject of FEP, and this is merely indicative of the extent to which interdependence and interpenetration in the modern political economy functions to diminish the validity

of the "home and away" distinction implicit in assertions of distinctive domestic and foreign policy domains.

Much of this may then appear to query the applicability of a state-centric FEP literature and its conventional ontology in the European domain as well as the very validity of the notion of "foreign economic policy" both for the EU and more generally [3]. It is not the case however that questionability translates into impossibility or any suggestion of irrelevance. Three sets of points are importantly made here.

First, though the concept of foreign economic relations is riddled with contradictions for the member states of the European Union (and not only the EU15) and though external and internal EU-policies are intimately linked (e.g. the common agricultural policy and international agri-trade policy), it clearly operates with agents, under pressures and in fora "external" to it. Furthermore, it manages a set of economic relations with international partners in a multilateral trading system still dominated by national authorities. We can therefore legitimately and readily identify its international economic presence and a clear physical and legal basis to an externally-projected or "international" trade policy and diplomacy administered through the central pillar of the European Community [4]. Indeed its own structural organisation- at the executive level of the Commission- entails a formal division between external economic relations (within the responsibilities of DG-I) and the internal trade matters of the Single Market (primarily the responsibility of DGs-III & IV) and Community trade data is classically presented in terms of a formal separation between external or 'extra-EU' trade and internal trade between the member states, 'intra-EU' statistics .

Second, though the EC case is unequivocally problematic in light of the classical FEP treatment of the state as the only significant entity to 'have' and to 'operate' a foreign policy, the state-centrism of FEP is not, as a conventionalism, an immovable barrier here. This is not simply to suggest that the EC is a new form of state (and some like

Majone, 1993 & 1996, have considered it analytically useful to think of the European Union as a "regulatory" state structure), but to point both to what the EC may be as a governance system, and to the way that the "state" has become progressively reconceptualised under that institutionalist strand of FEP analysis central to the present thesis.

On the former point here, though it is not yet acceptable or indeed appropriate to make reference to the European Union or even to its central pillar, as a "state", the EC clearly entails governance, albeit in varying form across different policy programmes and domains, and is almost "state-like" in respect of majoritarian decision-making and a legally-governed order involving mechanisms of compliance. Furthermore, as Majone (1996) emphasises, with modern politico-economic theories of the state distinguishing between three main forms of public intervention: redistribution, macro-economic stabilisation, and regulation, the European Community has developed function and authority in each of these areas and has emerged particularly as a new form of "regulatory state" with the average number of directives and regulations produced each year "increasing almost exponentially". We might even go so far as to ask, with mind to the state label, "is this not what is effectively under construction, even if there is a reluctance to make this explicit or even if it is couched in the language of 'fusing' additional layers of authority onto the nation state," (Bulmer, 1994:352).

On the matter of the progression of FEP, however we measure the "state capacity" of the EC and however far we accept the state-building theorem, simply by recognising the Community as a structure of governance and/or regulation with legal, institutional and political content, we may find a clear pathway to the political economy analysis of its policy formulation in an existing unit-level corpus of FEP theorisation. In its "institutionalist" part (as described in chapter one) the study of FEP has involved the reconceptualisation of the state in such a way as to involve its disaggregation and its retheorisation as an organisational structure consisting of formal organisations, bureaucracies, sets of rules, laws and procedures, patterns of

work and interaction, all embedded with "...beliefs, paradigms, codes, cultures and knowledge" (March & Olsen, 1989: 26). Therefore, if characteristic of the institutionalist variant of political economy we observe the tracking and charting of complex policy processes over time and the management of international and social pressures by an identified set of institutional actors in a legally-governed order, then such an approach is as theoretically achievable in the multi-levelled transnational domain of the EC as it is in the case of the United States. For though the EC may not be a state in the sense of a central government and the attributes of absolute sovereignty and statehood, it is beholden to an organisational structure and hierarchy as well as of an authoritative legal system/personality more typical of constitutional order than international treaty (Garrett & Weingast, 1993:174). Moreover, it holds the policy-making responsibilities and powers (in several areas at least) typical of such an entity and in terms of institutionalised order and institutional authority in the area of external economic relations/policy, we may go so far as to identify a more systematic process and regime-coherence in the EC case than is appreciable in many cases of de-centralised government at the level of the nation-state.

Again this is crucial within the project of building a theoretical approach to the study of the political economy of trade policy at a "European level". For policy analysis to be realised beyond a structuralist account of exogenous forces, we require an appreciation of policy processes in addition to the prerequisite of policy matter or change as our essential subject.

Third, though the FEP literature offers us little insight into the policy dimension of the EC (this is of course a part of the present project's function), and though the EC's structure and legal capacity confound traditional distinctions between nation states and international organisations thus problematising the classification of Community issues (Webb, 1983), we are not without significant resource here. The structural and policy-making dimensions of the EC have been the subject of study in comparative politics and public policy, and of the study of international relations, though in the

latter case approaches have been primarily concerned with the development of the EU as a whole and less with the EU as a political or decision-making system (Kassim, 1994; & Hix, 1994). Some of these studies are revealing in their address of elements of Community process and dynamics, and elements of these literatures, though remembering their focal points are at some distance from that of commercial policy-making, provide both significant support for the feasibility and explanatory power of an institutionalist-led approach to Community policy-making (fundamentally the EC system is a highly institutional one) and evident instruction as to how to conceptualise the important operation of ideas, institutions and interests in Community policy-making processes. Recent applications concentrating on "governance structures" (Bulmer, 1994) and on "policy networks" (see for example Peterson, 1995a & 1995b; & Schneider et al., 1994) have, in particular, echoed and mirrored many of the arguments and insights of unit-based analysis in the study of FEP, whilst offering new analytical perspective on the matter of Community policy formulation. Thus, if we do not find here a pre-established theory of the political economy of EC trade policy, we do at least find evidence of a form of conceptualisation of the EC's political arena and policy-making, central to the present enterprise, and a set of analytical approaches, which when coupled with the tenets of the institutionalist corpus of the FEP literature, offer valuable direction to this journey.

At this juncture therefore our attention must turn to the suitability of an institutionalist mode of analysis, in examination of the EC case, and in direct focus on EC trade policy, to the possible synthesis of FEP based theorisation with ideas from IR's and Comparative Policy Analysis' "meetings with the European Union" (Risse-Kappen, 1996). Section 2.3 outlines the "Byzantine" and "multi-levelled" institutional complex of the European Community/Union and, before this, section 2.2 explores the recent work on the European Union by International Relations scholars and by comparative policy analysts.

2.2. FRAMEWORKS FOR THE STUDY OF EC DECISION-MAKING: SOME CRITICISMS AND REFLECTIONS

2.2.i. The contribution of International Relations theory

As briefly noted, one of the features of the study of the European Community hitherto has been the dominance of analytical devices rooted in international relations theory, a point noted by Hix (1994) and Bulmer (1994): This has been the case with much of the work on the dynamics of European integration, particularly *neo-functionalism* and *intergovernmentalism*. International Relations or "IR-derived" frameworks, not unsurprisingly therefore, are a feature of a literature on policy-making in the EC, even though the greater contribution has probably been to "integration theory" where the concentration is less on explanation of EC politics and more on the Community's evolution as a whole, on its integrative advances and characteristic interdependence. This is an important point to note, and one stressed by Hix (1994) and Kassim (1994). Argument here targets not the discipline's contribution to our understanding of regional co-operation and integration but more precisely the appropriateness of associable conceptual frameworks to the study of EC politics and policy-making. Perhaps with the exception of recent work on *transnational relations* where a pluralist framework is seen to operate, in attempts to explain political outputs at the European level, IR-derived approaches do so without the academic discourse for analysing the internal processes of the EC as argued by Hix (1994). Furthermore, the focus has been on what Peterson (1995a & 1995b) calls "history-making decisions" or on major integrative advances such as the Single European Act and Maastricht with the result of a rather patchy and flawed picture of micro-level Community politics. Analysis of agenda setting, and of decisions taken to set policy at the legislative stage and/or to set policy lines and mandates for external negotiations (as with commercial policy), given formal Treaty bound bargaining between institutions and the existence of state-society relations, is simply unrealisable via a macro-level of analysis.

It may be suggested that this is a product of the realist underpinnings of much of the discourse of the discipline (a point made in chapter one). This dominant paradigm of IR approaches to the EC can be seen to struggle quite fundamentally with the EC system which is not simply a model of intergovernmental co-operation at the international or regional level but, in actuality, a multi-tiered system of governance, regulation and policy-making combining elements of intergovernmentalism and supranational policy and authority. To begin with, the state-centricity and rational unitary actor postulate of the realist hard-core is immediately problematic and though we can identify modified realist approaches to EC politics - Moravcsik's (1991) neo-intergovernmental approach is one such modification- it remains the case that such a paradigm is limited in terms of a uni-dimensional emphasis on rationally-constructed state interests and interstate bargains (*"intergovernmentalism"*) and/or a concentration on national preferences and evidence of their convergence (*the "preference convergence approach"*) [5]. Indeed, though Moravcsik's (1991) intergovernmentalist account of the Single Market Programme may highlight the continuing salience of inter-state bargaining, national interest and power in such 'history-making' integrative European developments, it is unable to satisfactorily account for a network of supranational and transnational actors, their politicking and autonomous action capacities, so central to the actual choice of the 1992 liberalisation programme [6]; and is altogether powerless to explain the source of those state interests so pivotal to its thesis. Here, as Moravcsik (1991: 27) concedes:

"scholars must turn away from structural theories and towards domestic politics, where the existence of several competing explanations invite further research".

Generally, and building on Webb's (1983: 23) conclusions in a much referenced review of the literature on EC decision-making, intergovernmentalist interpretations are not totally out of step with prevailing images of decision-making in the Community, but they do not capture the nuances in the Community's political processes nor the expanse of supranational authority and majoritarianism. They distort or overlook elements of bargaining and consensus-building processes which set the EC apart from other international and strictly intergovernmental

organisations and they assume that European integration is fundamentally driven by the instrumental self-interest of actors whose utility functions are defined in economic terms and whose preferences remain fixed during processes of interaction and bargaining. As a result, "*liberal intergovernmentalism* assumes rather than shows that the domestic interest groups cluster around instrumentally and materially defined interests.....[and] has little to say about whether actors' interests and preferences are shaped by the EU institutions" (Risse-Kappen, 1996:56).

In extension here, traditional neo-realism can be regarded as a failure in its treatment of states as instrumentally rational and unitary actors, and in the auxiliary hypothesis that states do not ascribe importance to institutions above them, the EC model and its continued evolution represents something of an empirical anomaly. This is a point conceded by some of those seeking to offer a modified neo-realist account of Community developments. Grieco (1995) for example, before introducing a "*voice opportunities thesis*" of EMU, is forced to acknowledge that neo-realism has provided a number of hypotheses about states, co-operation, and international institutions, that appear to flounder in consideration of the European Community model, not least that states are disinclined towards institutionalised international co-operation and that EC efforts at co-operation are dependent on bi-polarity in the international system. These assumptions are quite clearly crossed by the preparedness of EU member economies to extend the European movement into EMU in a post cold war era, and by the deepening of common institutional arrangements and an upsurge of Community-level power inherent in the Maastricht Treaty. Of course Grieco's (1995) call here is for a modification of such auxiliary hypothesis (he uses a Lakostian division between core assumptions and auxiliary hypotheses) and his own such effort is of note. In advancing his "*voice opportunities thesis*" of joint arrangements in the EC (the focus is on the Maastricht Agreement) a modified realist argument is forwarded that states may favour institutionalised ties with a stronger partner as a way of allowing them to work for mutual gain, safety and security. One is left to conclude that whilst Grieco might have the beginnings of an adaptation of neo-realist theory (one clearly underworked in this context) that

any such theory can only remain limited for its macro level of analysis, as a tool for the explanation of the politics of co-operation among nations, rather than for policy analysis.

It is worth noting too that the so-called "*neo-liberal institutional*" contribution to the IR literature (see for example, Axelrod, 1984), which has more influentially contributed to such modification of neo-realist hypotheses on international institutional co-operation has passed without specific application to the EC case. More to the point, any such application to a history-making EC decision (with its notion of rational self-interested international co-operation and its familiar prisoner's dilemma theorem), could not escape its critical weakness as highlighted by Garrett & Weingast (1993:175), that whilst it might:

"..tell us why the set of co-operative arrangements that was chosen represented an efficient (Pareto-improving) solution to the collective action problem facing participants..existing studies shed little light on the question why one particular co-operative solution was chosen."

This brings us back to the point made following the sketch of the voice opportunities thesis that we have no real theory of politics in the approaches of this paradigm. Of course "*neofunctionalist*" and "*transnational/interdependence*" accounts of EC policy-making associable with the study of International Relations, cannot be rejected on the same grounds. In contrast to the image of monolithic and powerful national governments presented by intergovernmentalist analyses of the EC and the limits imposed by the assumptions of neo-realism and modified structural realism, both these pluralist analyses emphasise the role of non-state actors and offer very different ideas (Wallace, 1983).

"*Neofunctionalist*" analyses offer a little more but ultimately too little. Whilst neofunctionalism may usefully predict spillover processes and a shifting set of elite loyalties, expectations and activities towards a new centre (Haas, 1958 & 1961; & Lindberg, 1963) -arguably the basis of a durable integration theory-, and whilst the importance of the behaviour and attitudes of supranational and non-state actors is

stressed, along with the potential for the Commission's to profoundly influence policy-making, there is a basic and fundamental limitation. First, as Hix, (1994:006) argues:

" The fundamental concern of these theories is economic and political 'integration', the behaviour and attitudes of the actors is analysed in terms of whether it facilitates further integration (spillover) or leads to renationalisation (spillback)...[they] do not possess the tools or the discourse for a 'political' dimension to be incorporated into their models."

Second, in arguing that in the European Community, governments, interest groups, bureaucracies and broad political elites will combine and pursue their goals in a transnational constellation or new European polity, too much is assumed, not least the hardness of national attachments in a multi-levelled order, and the insularity of issues and functional matters from, amongst other things; exogenous forces (such as macroeconomic pressures), personal beliefs and actions. As Webb (1983: 19) suggests:

"the belief that national officials will find it easy to agree on the definition of a problem and the basis for a solution has been confounded...[with] officials who might be expected to be collaborators in a transnational administrative network often instinctively protective and protective of their national procedures, autonomy, and competence."

Third, modelling has shown that transnational administrative communities (stable networks with shared community views on problems/issues) have not surfaced in several areas of policy-making such as competition and transportation whilst they are simply remaining to be evidenced (or not as the case may be) in several areas of European Community policy-making [7].

Given this set of problems with neo-functionalism- as a tool for policy analysis- it is evident that even pluralist IR-derived approaches do not necessarily possess the armoury for policy analysis and a satisfactory conceptualisation of EC decision-making. This applies to work under the banner of "*interdependence theory*" and the

literature on transnational relations, though the latter, in its modern expression, has certainly provided an improved conceptual model.

Early interdependence analysts had suggested that the formula of an international regime might be the appropriate label for describing the rules and commitments of the EC (Webb, 1983: 36). Puchala (1972) for example, as Webb (1983:36) and Hix (1994:005) highlight, had suggested that the EC could be adequately explained as a system of managed interdependence or "concordance" since it rested in mutually rewarding economic interdependence and a regime of rules and prescribed practices. As Risse-Kappen (1996:58-59) recalls, the original regime literature was aware that highly institutionalised interstate relations provided a theatre for transnational (transboundary relations that included at least one non-governmental actor) and transgovernmental relations (cross-boundary relations among sub-units of national governments) to flourish. The new emphasis upon the importance of transnational relations in EU policy-making (George, 1994; Eising and Kohler-Koch, 1994; & Cameron, 1995) cannot be surprising since the EU certainly represents a densely institutionalised network of structures, organisations and relations encompassing private and public actors at and across different levels (subnational, national supranational, transnational etc.) The integral notion of transnational relations properly "defies the idea of the state as the only significant actor in international relations" and the concept of transgovernmental relations challenges the view that national governments can be treated as unitary actors." (Risse-Kappen, 1996:58). The state is no longer assumed as a strictly hierarchical organisation. Nonetheless, it is arguable that such analysis, though valuable in attention to rules, norms, networks and non-state actors, is superseded by a "*policy networks approach*" to the Community effectively evolved in the discourses of comparative politics/public policy. These latter approaches, as we shall shortly see, characterise European "networks" with greater rigour and detail and provide empirical tests of the central networks hypothesis.

The positive political economy analyst is left therefore with neo-functionalist, and

intergovernmental "IR" images of the EC which reveal something of Community politics and development but which do not readily account for policy-making practices in the EC (and their variations) and for the combination of factors which are responsible for particular policy outcomes. The work on transnational relations by IR scholars offers a more realistic model and reveals a multi-levelled, institutionalised process of complex relations and domestic structures cutting across the 'domestic-international' and 'state-society' divisions. In application to the EU however, it is somewhat underdeveloped, failing to fully capture the structuring effects of institutions and the political power of ideas. To echo Webb's (1983) criticism of these separable IR-grounded images of policy-making in the EC, they are finally either "imperfect" or "distorting".

2.2.ii. Networks theory and Comparative Policy Analysis: Tackling the politics of EC policy-making

The hold of the realist and pluralist paradigms evidenced in the work of those IR scholars examined in 2.2.i continues to be felt in the comparative politics/public policy literatures. "*Domestic politics*" and "*rational choice*" models for example, hold with realist theories in International Relations in a number of respects. They either explicitly concentrate on intergovernmental politics and bargaining as the second level of a two level game (Putnam, 1988) combining intergovernmentalism and domestic politics (Bulmer, 1983)- the so-called "*domestic politics*" models- or treat actors as fundamentally self-interested and the member states as unitary actors with hierarchically ordered and single-peaked preferences (Garrett, 1992; & Garrett & Weingast, 1993)- "*the rational choice approach*". Pluralism in comparative politics too, like pluralist theories in International Relations, "is an agent-biased paradigm, which assumes that political outcomes in a democratic society are shaped by competing economic and social interests." (Hix, 1994: 12).

It is evident here though that in what Hix (1994) identifies amongst others, the realist, rational choice and pluralist bodies of comparative politics approaches to the

EC [8], an advance on IR-derived frameworks begins to emerge. Bulmer's (1983) and Puttnam's (1988) emphasis on lower level games amongst domestic actors (ahead of the representation of aggregate interests in inter-governmental negotiations) may remain a restrictive view of EC politics and of European policy-making dynamics, and one unable to capture that complex array of informal and formal relations/processes that mark the contemporary system (see Peterson, 1995a & 1995b; Atkinson & Coleman, 1992; & Schneider et al, 1994), but it does break the mono-levelism of realist IR approaches. Not dissimilarly, the comparative pluralist interpretations of the EC move us closer towards a political economy of special interests, though suggestion of multiple and open access for organised interests and of a Community model akin to that of 1960s America (Streek & Schmitter, 1991), may mislead as to the symmetry of access across interest groups and issues (see chapter three) and in treatment of Community decision-makers as neutral arbiters between countervailing interests (Hix, 1994: 13).

Rational choice approaches too- these may be interpreted as falling within the broad parameters of the new-institutionalism in comparative politico-scientific study [9] - though attributing history-making EC decisions to the wishes and power of the more powerful member states and though working from some of the basic assumptions of the realist approaches in international relations, have, in a game-theoretic approach, revealed something of the importance of ideology and institutional constraints in the fixing on one outcome from a selection of "pareto-nearing outcomes". Garrett (1992) and Garrett & Weingast (1993), in work on the internal market programme have stressed, for example, the pivotal role of ideas as focal points around which the most powerful actors could converge, the agenda setting capacity of supranational institutions, and the way in which institutions impose constraints upon the strategies and "rational" actions of individuals.

This latter work then represents, in significant part, an emphasis, albeit within a rational choice framework as opposed to an historically-grounded one [10], on the importance of institutional structures in the EC system. Hix's (1994) typology of

comparative politics approaches to the EC encompasses an "institutional" perspective which aggregates this rational institutionalism with a number of other approaches to the EC using the language of political system-types. These approaches to the EC model, using such concepts as federalism and consociationalism, have left us with a clearer sense of the EC's co-operative federal system of extensive concurrent decision-making (Kirchner, 1992), multi-levelled arrangements and bargaining, and inherent divisions and conflicts. The EC does display elements of both intergovernmentalism and supranationalism and is a complex system of often mixed and shared competences as suggested by use of the term co-operative federalism. Additionally, as Hix (1994: 20) suggests, features of a consociational system or "condominio" (Schmitter, 1991) are an important part of the Community reality, organising the behaviour of system actors and structuring their conflicts. For instance, the EC "...is a territorially pillarised system because individual interaction and loyalty is primarily focused within the EC nation states", elites "predominate in the national pillars" and cartelise at the European level, and "...proportionality is ensured in the EC in the systems of representation in the Council of Ministers and the European Parliament".

Clearly however we only have a suggestion here of the institutional features and environments of the Community system and this form of institutional approach to the EC (the limits of Hix's own account of "institutionalist" applications to the EC) provides more a description of the decision-making environment of the EC and less a model for the analysis of policy-making itself. It is typically quite recent work drawing on approaches from the areas of comparative politics and policy analysis (Peters, 1996, Sbragia, 1992, Bulmer, 1994, Majone, 1993, Peterson, 1995) that has given politics and policy-making within institutions an analytical place of some prominence in investigation of the European Union, assuming that some influential institutional structure is in place, examining what goes on inside these structures, and demonstrating how EU institutions "have influenced agenda-setting, policy formulation and implementation processes" (see Cram, 1996: 53).

This work on the European Union as a multi-levelled polity has recognised that it is important to focus on the day-to-day functioning of the EU and has assessed and uncovered the important political role played by the European institutions and by their interactions with each other and with others within the policy process. In this, it has improved the conceptualisation of the EU system as a polity and has offered clearer instruction as to how to conceptualise politics and policy-making in its multi-tiered system of governance characterised by a dense dynamic network of institutional actors, organisations and bureaucracies (public and private) in which ideas and interests are forceful cross-currents at several levels. In particular, "*governance structures*" and "*policy networks*" approaches, only fairly recently applied to the domain of the European Union, offer conceptual frameworks which are, on balance, better suited to the explanation of 'meso' or low level multi-actor processes (including the formulation of policy options and attempts at agenda setting) and to an understanding of policy decisions taken formally in the Community institutions when laws are actually made and mandates actually set for external negotiations (as with Community commercial policy). In their explanatory power, we begin to find further support for a domestically-oriented and essentially (historically grounded) institutionalist approach to Community commercial policy-making already suggested by the utility of such an approach in study of U.S. commercial policy (see chapter one) and by the sheer institutional complexity of the EC as this chapter has progressively depicted and as later chapters detail.

Bulmer's (1994) "*governance structures*" analysis, though lacking in itself a serious test of its loosely prescribed model for sub-system or policy-level analysis, engages directly with the institutional complexity of the EC and offers a basic view that "institutional analysis is the central element of the EU tool-kit" (Bulmer, 1994:378). This work, using insights from historical institutionalism (Steinmo et al., 1992) and from work on sectoral governance in the American economy (see Campbell, Hollingsworth & Lindberg, 1991), readily and prominently identifies itself with the heralded "new institutionalism" in political science.

Though Bulmer (1994) is primarily concerned with providing a pathology of governance across the different levels of the EU and with highlighting a peculiarly regulatory mode of governance in the EU, a "wider canvas" to use his own term, we have a consistently institutionalist focus at one level of analysis, the policy level. Indeed, in an historical institutionalist approach to sub-system governance, Bulmer starts with classical institutionalist assumptions, identifying these as points of explanation in the work of Campbell et al. (1991), from where he takes the term "governance regime". Though familiar to us from earlier concentration in this thesis, the state is conceived as an institutional arena which provides unequal access to societal groups for influencing the policy process; its institutions are seen not merely as passive parts of that arena but as structuring the way in which socio-economic forces act and as beholdent of autonomous action capacities; and a view is established that culture and norms embedded in the state help to shape the selection of policy. The particular insights afforded follow from the careful characterisation here of a complex, multi-levelled and highly institutionalised EU regime (with a regulatory pattern of governance) and from a particular attempt "to operationalise governance regimes as a tool for analysing sub-system governance in the EU." A number of emphases are noteworthy, all of which follow from brief review of varied Community decisions and of the Community's movement through the SEA and the TEU. Collectively they give weight and a little direction to an institutionalist political economy analysis of Community trade policy.

Clearest in Bulmer's recipe for the analysis of sub-system governance regimes are perhaps three ingredients. First, the identification of regime or sub-system boundaries, including basic identification of EU- and national-level institutions, socio-economic interests and other parties involved with a specific issue set or policy programme. Second, the "mapping" of those institutions involved, encompassing a detailed investigation of inter-institutional relations (these define the power balances between the bodies concerned whose ascribed powers and roles vary considerably from one policy regime to another) and of compliance arrangements, which may reveal the importance of judicial process and the ECJ. And third,

facilitated by these earlier efforts, a stage of "process tracing" or an attempt "to seek the roots of policy outcomes in the institutional mediation of bargaining positions". Though Bulmer himself is not always specific, the balance of his ideas suggests that this should include not only inter-institutional bargaining but also that inside individual institutions (intra-institutional bargaining) where we are directed towards tensions such as those between competing DGs and those between the different national representatives of the Council of Ministers.

This then is fully consistent with an historical institutionalist approach to policy analysis as is Bulmer's emphasis on legal codes and process in EU governance regimes, his stress on regime transformation, and his attention to the ideological underpinning of competing national policies. For Bulmer (1994:372), the EU has quite different cultural bases: Rhenish, Mediterranean and Anglo-Saxon, and this adds to the complexity of developing supranational policy. Ultimately here, the lack of developed policy analysis along these lines, underscores the prescriptive qualities of Bulmer's own analysis and there is certainly no direct application of such steps to a particular policy programme or EC issue set in this interesting work. Nevertheless, in several respects both Bulmer (1994) and Kassim (1994), who also advances an institutionalist approach to the Community/EU, are able to impress the requisite of such focus given the institutional complexity of the EU system, a complexity fully established in the succeeding chapter. Kassim (1994) continues Bulmer's prioritisation of EU-level institutions in arguing first that the EU institutional configuration is far more complex and dense than national level configurations in Europe. Second, that EU institutions develop strategies that reflect or distil institutional interests. Third, that intra-institutional and inter-institutional bargaining is multi-levelled or takes place "at multiple points". Fourth, that EU institutions and actors have different resources at their disposal. And fifth, that passive interest intermediation or 'brokering' by Community institutions is difficult to identify and to measure:

"not least because EU institutions themselves have their own interests and they can, and do, behave as lobbies in their own right." (Kassim, 1994: 23).

The beginnings of an (historical) neo-institutionalist approach to Community governance and policy-making therefore has valuably stressed the importance of institutions at the policy-level of analysis, and in Bulmer's (1994) work at least, we find the beginnings of a conceptual framework grounded in the identification of regime boundaries (this is similar to the notion of a policy network), institutional "mapping" and "process tracing". What we do not find here however is any satisfactory test of a neo-institutionalist framework at the policy-level or, to date, in the fashion of highlighted institutional analyses in the study of FEP, a systematic account of the role of ideas within these institutional frameworks.

Such a charge is less easily levelled at the "*policy networks*" approach to Community policy-making, though such analysis may fail to recognise the full importance and complexity of the deep institutional layers of the EU system of governance (see Kassim, 1994) and may stress intermediation, interdependence and "shared community interests", thereby minimising the importance of inter-organisational conflicts over policy issues and actual actor autonomy. Detailed analysis of EC policy-making in such areas as telecommunications (Schneider, Dang-Nguyen & Werle, 1994) and environmental regulation (Heritier, 1993) has been provided using related conceptual frameworks, as has detailed study of "Community policy programmes" such as those in the area of advanced technology, research & development (Peterson, 1992). Characterised here in such a way as to cut across subdivisions between "corporate actor networks" (Schneider, Dang-Nguyen & Werle, 1994) and "policy networks" (Peterson, 1992, 1995a & 1995b), this broad approach to Community policy-making asserts that the functioning of the EU system is complex and that it is characterised by a multiplicity of linkages and interactions connecting a large number and a wide variety of actors (public and private) at and across several different levels (subnational, national & transnational). Within these "policy networks" (a generic term for more stable sectoral networks or "communities" and less stable issue networks), the institutions of the European Community are given considerable importance as (corporate) actors in their own right but are located

within a complex arena (or set of arenas) geared towards the "intermediation" or "mediation" (reconciliation) of variably located interests, as well as the sharing of information and resources. In short, the term "network" implies that clusters of organised actors representing multiple organisations (public and private) and acting at and across the supranational, transnational, national and subnational levels, interact with one another, all with a stake in outcomes in a particular policy sector." (Peterson, 1995a:391). This entails multi-level and cross-level interaction including domestic interactions (e.g. between government and societal actors at the domestic level), transnational interactions (e.g. between government A and government B at the intergovernmental level), and what Schneider et al. (1994) identify as "diagonal" interactions (e.g. between types of actors located at different levels).

Clearly such an approach is, to use Kassim's (1994: 19) terms, "a more sensitive analytical tool for examining relationships between interest groups and governments". Examples of work in this vein, including Peterson's contributions on technology and research, and Schneider's collaborative works on telecoms **have** better captured the complexity of the EC model, centralising a nexus between organised economic interests and political institutions in a multi-tiered setting. As such, new investigation of Community policy-making can learn from the proponents of the "policy networks approach" both the value and importance of detailed case investigation and of the need for an approach centred on institutionalised knowledge-sharing, conflict and reconciliation between public and private actors. In particular the notion of separable if overlapping policy networks across different sectors provides some of the flexibility (in analytical terms) necessary to capture the variance in Community trade policy-making across, for example, established and new issue areas or the different policy sectors (e.g. automobiles, telecoms and steel). The emphasis given to institutions takes us some way too towards a fuller recognition of their political role and part at the intersection of competing pressures, and the emphasis on private actors and knowledge sharing in this perspective again enables an account both of the role of

organised economic interests and of providers of expertise, policy advice and ideas from outside of the polity. As Richardson (1996:004) observes:

"Fortuitously, approaching EU policy-making via this perspective enables us to utilise related approaches to the study of policy-making which emphasise the importance of ideas, knowledge, and expertise, rather than pure 'interest'."

and given the earlier criticism of the theorisation of the role of organised economic interests in the FEP literature, this fortuity is of a certain significance for the trade policy analyst.

The "policy networks" approach may however be weakened by certain tendencies and by a set of limitations in important respects, especially as regarding the investigation of commercial policy. One charge relating to the difficulty of delineating policy networks cannot sensibly be upheld by an advocate of an institutionalist-driven account of policy formulation, as processes of "institutional mapping" and "boundary setting", if a little looser than that of network delineation, involve approximate challenge and complexity. As Peterson (1995) stresses, if such processes are difficult, then so be it, it does not follow that it cannot be achieved and that identifiable, potentially stable policy networks do not exist. Furthermore, a robust criticism of a networks approach at this level would have to be predicated on an assumption that policy networks were so unstable and issue-centred as to be either unidentifiable or to be pointlessly, and by implication painstakingly determined with little analytical pay-off. Advocates of network modelling, may legitimately counter that though stability and continuity are properly treated as variables, not as assumptions, such stability and continuity is witnessed in the case of European policy communities in areas such as research & development (Peterson) and telecommunications (Schneider), and that boundary shifts and network fluidity is a central assumption of a flexible and accommodating model of multiplicitous interactions, exchanges and crowded participation. Nonetheless, several of the arguments associated with Kassim's (1994) critique of the policy networks approach (and the above is one of Kassim's points) are not only persuasive but impress the

relative merits of an institutionalist mode of investigation. These are concerns relating to the stress on community and intermediation, the fluidity and fragmentation of EU processes, and to institutional complexity in the EU. The subsequent considerations are based heavily on this critical evaluation of the usefulness of the application of the policy networks approach to the EC/EU.

With respect to institutional complexity, as suggested in the (historical) institutionalist accounts of Community policy-making, it is not only inter-institutional and public-private bargaining that is of consequence in the EC model but also intra-institutional dynamics. An apparent failing of the policy networks approach to the Community is its treatment of relevant actors, and of the Community institutions in particular, as unitary actors. These actors are far from monolithic in form and practice and it cannot be simply assumed that they are. This however is neither fully articulated or captured in this perspective where the different EC institutions on the one hand and Member States on the other are seen as unitary "corporate" actors (Schneider et al., 1994). Intra-institutional conflict and tensions are a consistent factor in Community trade policy formulation in all of the areas considered in later chapters, and yet the treatment of EU institutions as unitary actors in this perspective is quite clear despite the fact that, as Kassim (1994: 24) puts it:

"The Council is capable of decomposing into 12 (now 15), the Commission into DGs, directorates and divisions, services and Commissioner/cabinet, and Commissioner/Commissioner, and the Parliament into rapporteur, committee and plenary."

Not unrelatedly, at its extreme, the stress on knowledge sharing, coalitional politics and intermediation, can also mask both the effective intra- and inter-organisational conflicts that characterise these complexes and the proper appreciation of the structuring role, bargaining power and entrepreneurial capacities of key institutions. We may alternatively conceptualise European policy-making as a process of bargaining either in traditional intergovernmental terms or in terms of competing policy recommendations and when EU policies become more entrenched, the

complexity of the actual institutional configurations and the density of the institutional layer, means too that:

"there is greater scope for the institutions involved to devise strategies that reflect or distil specifically institutional interests or political sensitivities..[and] that there are multiple points at which intra- and inter-institutional interactions take place." (Kassim, 1994: 22-23).

One such context may well be that of trade policy where the institutional layer is particularly dense and where processes of extreme institutional complexity are structured by set procedures and institutional "roles", where interests and policy ideas are frequently conflictual, and where examples of policy leadership or entrepreneurialism on the part of Community institutions (and the distillation of institutional interests) are easily presented (see chapters four-six).

Finally here, whilst these approaches capture something of the variance and complexity in Community policy-making, the claims to success of the policy networks approach do follow from the identification of durable policy communities, of stability and continuity in policy or issue networks. This concerns not only the patterns of interest intermediation and coalition-building, but also the basis of membership, shared community interests/views, and institutional consistency with respect to the locus of decision-making and influence in policy-making. The changeability and the fragmentation that characterises much EU decision-making (processes, loci etc.) tends to undermine continuity and EU decision-making has become somewhat atomised (Kassim, 1994). Relatedly, there is evidence that in many sectors such as air transportation and competition policy (see Kassim, 1994; & Wilks & McGowan, 1995 respectively) coalitions are short-lived and durable patterns of interest intermediation are yet to materialise. All this may suggest very real limits to the explanatory powers of the policy networks approach or at least a certain "conditionality".

Thus we are left, as with neo-institutionalist applications to the European Union, if not with a readily available analytical framework for EC trade policy analysis, with

a clearer sense of internal Community dynamics and of the importance of disaggregation. The policy networks approach particularly suggests the critical importance of a nexus of public and private actors, policy ideas and interests in a multi-levelled setting. Furthermore, inter-organisational concentrations of this kind permit the accommodation of a multiplicity of actors (public and private), with distinctions possible between the many policy sectors and networks of the European Union, some of which will be dominated by different actors or institutions depending on degrees of integration, resource dependency, rights of initiative, roles and competence. Certainly, the approach is particularly able to explain policy-shaping decisions at a relatively low level where "the Commission usually must allow national governments, other EU institutions and private actors a voice in policy formulation" and where it encourages the development of fora for the facilitation of bargaining and resource exchange (Peterson, 1995a:400). The policy networks model is however less well equipped to explain decisions which 'set' policy after policy options have been formulated and by contrast, the "new institutionalism sheds most light on the policy-setting stage." (Peterson, 1995a:402). It highlights the importance of formal bargaining and bargaining powers between EU institutions, whose powers are derived primarily from Treaty provisions, and that the EU's institutions compete with each other and, to a degree, within one another, in order to influence policy.

Thus Community institutions matter in policy-setting processes and if inter- and intra-institutional dynamics have repercussions for the policy process and for the actors involved (and the evidence already considered suggests they should) then a full account of the impact of EU institutions, of the norms, rules and decision-making procedures regulating the competences of the Brussels institutions, must be established. This demarcates the limitations of traditional policy networks modelling but elements of inter-organisational networks analysis, which effectively captures the complex multi-levelled and transnational state-society relations that characterise the EC case, can be attached to an institutionalist framework, informing institutionalist political economy of the need to accommodate private institutional

actors and to conceptualise separable policy networks where appropriate (e.g. given sectorisation of policy). Certainly it is these two perspectives on EC policy-making and governance- the "*neo-institutionalist*" and "*policy networks*" approaches - from that set of comparative politics and IR-derived conceptual frameworks outlined in this section, that offer clearest account of the dynamics of Community policy-making.

2.3. CONCLUSIONS

The present chapter of course commenced with a questioning of the possibilities of building a theoretical approach to the political economy of EC trade policy. It is now clear that an integration of analytical devices, some already developed in the study of FEP (neo-institutionalism) others advanced in the study of EU governance systems and Community decision-making may resolve the "apparent" problem of supranational trade policy management in the example of the EC (remembering the state-centricity of mainstream FEP). Such an interchange of ideas is of fundamental advantage in meeting the task of addressing both the institutional complexity of the EC case and the multi-levelled mosaic of bargains, discursive and consultative processes that mark process and policy in its unique system. Returning for a moment to the development of the thesis ahead of direct address of the European Community in this chapter, this is entirely consistent with the emphasis placed on the importance of "institutions", "ideas", and "interests" in the shaping of international trade policies per se (a position reached after a careful review of a deal of evidence on international commercial policies) but does more than this alone. It actually suggests an analytical approach to the study and conceptualisation of their influence in the case of the European Community and promotes an institutionalist-led approach. This is of course, given earlier reflection and caution, an institutionalist mode of political economy analysis that functions in terms not only of traditionally conceived inter-institutional dynamics and bargaining (centralising domestic political institutions) but through a broadened notion of inter-organisational relations and bargaining that encompasses both intra- and inter-institutional aspects and the policy-shaping roles of both non-state actors and new

or embedded "policy ideas". The institutional terrain so central to the hypothesis is presented as an arena for bargaining between (and sometimes inside) a "mix" of institutional actors, and the related notion of inter-organisational networks (networks built around issue/policy areas and the core institutional structures of decision making on those issues) is sufficiently flexible so as to allow for the representation of policy ideas both by central network actors (e.g. the economic interest groupings, national and supranational political institutions) and by lesser actors (e.g. communities of experts consulted in policy shaping processes).

The further grounding of these arguments and the relationship of these variables/structures now rests with a fuller characterisation of the Community political system and of the political economy of its trade policy-making. Before this stage of analysis however, six provisional points (representing the central conclusions from each of the two chapters to date) are usefully stated at this juncture:

- 1) International trade policies are of considerable importance to the global political economy and an understanding of their formulation is therefore of obvious value to practitioners and analysts alike.
- 2) Macro-level theorisation, both in terms of macro-economic, international realist and structuralist analysis, offers only limited account of policy choice, action, and change. International structural and/or macroeconomic pressures and forces may well define universes of possible outcomes and may be central to decision-making environments, but they do not offer the ways and means of identifying why particular outcomes were chosen or were realised. To a significant degree in modern trade policy formulation, process, structures of domestic governance, and other aspects of the 'internal' environments of decision-makers, determines policy substance.

3) Though the state-centricity of academic analysis of foreign economic policies complicates the investigation and conceptualisation of Community trade policy-making, the successful analysis of European Community trade policy may be achieved given an interchange of ideas from the FEP literature and that on European Union policy-making, especially from "institutionalist", "policy network" and "cognitive" elements where there is room for exchange and for mutual gain.

4) Whilst the overwhelming evidence of the study of foreign economic policy is that ideas, interests and institutions matter in the shaping of international economic policies, the powerful notions of inter-organisational networks and institutional governance structures in work on the EU, solidifies the logic and appeal of an institutionalist-led framework of analysis and establishes that, above all else, the institutionalist context of the EU is crucial.

5) Focusing on "mixes" of institutional or organisational structures must reflect the multi-levelled character of Community processes and procedures and the extent to which flexible decision-making structures and procedures (formal and informal) vary the ability of certain actors to shape policy decisions in given areas or issues. Within this, the description of the policy process (agenda setting, option formulation, and policy-setting etc.) must be attuned to the processes by which interests, ideology, knowledge and ideas are diffused throughout typically dense institutional networks (combining public and private actors), as well as to the structures, procedures and bargaining advantages under which institutional actors may "lead" and/or engage with other actors in the formulation of policy.

6) Tentatively, it may be concluded from an initial scan of the EC system per se, that a much more complex structure of policy-making, encompassing a wide range of public and private policy actors characterises the Community case. The EU is a complex and unique policy-making system in this and other regards. It follows that any suggestion of an approach to Community trade policy-making should be

unattached to the notion of a "grand theory" given the major variations that characterise the Community case, policy-to-policy and sector-to-sector, and the distinctive features of the Community model relative to other policy-making states and agencies. By extension, though we should see a consistency in European trade policy-making experiences in terms of the importance of certain factors and explanatory variables and though we may gain understanding through the application of a particular analytical approach, we will inevitably observe variations with respect to differing kinds of policy issues and questions, especially in the case of sectoral cleavages.

CHAPTER TWO NOTES

[1] There is a wide literature on the EU's external trade law and the relationship and legal conflicts between GATT law and EC trade law. The leading volume here is Hilf, Jaroles & Petersmann (1986), though Woolcock (1993b) is a recent and interesting contribution to this form of address of EC trade policy. Economic interpretations of EC trade and trade-remedy policies and of its economic regionalism abound. Hine (1985) is perhaps the most comprehensive text here. See also here, Winters (1992); & Volker (1987). There are various contributions by Hindley, Tsoukalis, Tumlrir, Bellis, Jacquemin & Sapir, to the analysis of the economics of regional integration and its external effects, to the study of the economic results of the EC's hierarchical trading regime, and to the address of EC trade-remedy actions, trade distortions and import protection.

[2] This data discounts massive intra-EU trade flows that leave the European Union responsible for more than 40% of all world merchandise trade.

[3] Tooze's (1994) reservations over the meta-theoretical base of FEP, its materialism, positivism and an orthodox ontology excluding the "reality" of inter-subjective meaning, combines with a questioning of the privileging of trade issues in a European political economy incorporating finance, money and investment. Clearly policy analysis should reach as far as these structures of international economy and as Tooze (1994: 74) highlights some studies have begun to do this and with some theoretical integration. Trade policy still matters however in its own terms as the international tensions over the Uruguay Round were to prove and an understanding of EC trade policy, however partialistic a contribution to an understanding of the new European political economy, can go far in correcting many of the failings in FEP precisely addressed in Tooze's commentary.

[4] The identification of "inter-national" trade policies is still broadly consistent with a pattern of exchange relations and of trade diplomacy dominated by state-authorities.

[5] My classifications here follow Hix (1994) who provides a typology of IR approaches (and comparative politics approaches) to the study of the Community. Hix identifies approaches located in realist and pluralist paradigms of international politics- approaches addressed in this phase of my own analysis- and notes an additional structuralist paradigm, including Marxist and constructivist approaches. I leave these aside here in reflection of their general underdevelopment and an inapplicability to the study of Community policy-making.

[6] Sandholtz & Zysman (1989), in a much referenced contribution, stress supranational factors and transnational business interests, and depict a reform process guided by actors and institutions acting "above" the nation-state.

[7] Kassim (1994), who has generally argued that there is no compelling evidence to suggest that durable patterns of intermediation are materialising in the EC's varied policy areas, fails to find such a network in the air transport sector. Similarly, recent work on competition policy by Wilks & McGowan (1995) has not shown the existence of a competition policy network.

[8] Hix's (1994) typology of comparative politics approaches to the EC also includes a "sociological" approach (or set of approaches), and an "institutional" set. Relatively few sociological approaches are highlighted but Hix draws attention to the Lipset-Rokkan schema deriving from a Parsonian theory of socialisation. This advances notions of cleavage in the Community political system and a two-dimensional model of political conflict- left and right, and centre and periphery. I do not pursue this model any further here and the reader is directed to Hix (1994: 16-18).

[9] I make this point here because Hix (1994) in his typology of comparative politics approaches to the study of the EC which is much more comprehensive than my own summary here, preserves a distinction between rational choice and institutional approaches. Accepted notions of the neo-institutionalism in politico-scientific study (March & Olsen, 1989; & Thelen & Steinmo, 1992) do however recognise a rational choice institutionalism (which sees institutions imposing constraints upon the rational actions of individuals) as well as an historical institutionalism which attributes a greater degree of autonomy and influence to institutions.

[10] I cite Bulmer (1994:356) here in his view that the distinction is tidily summarised in Thelen & Steinmo (1992:009):

"By shaping not just actors' strategies (as in rational choice), but their goals as well, and by mediating their relations of cooperation and conflict, institutions structure political situations and leave their own imprint on political outcomes."

CHAPTER THREE: EUROPEAN COMMUNITY COMMERCIAL POLICY: TOWARDS A POLITICAL ECONOMY APPROACH

INTRODUCTION

This chapter commences a second phase of analysis in this thesis directed specifically at the form, function and political economy of European Community trade policy. The conclusions reached in earlier chapters, with respect to the value of positive political economy analysis, multivariate analytical-frameworks and institutionalist-led investigation, are progressively tested and applied across this and succeeding chapters, with particular reference in chapters four to six to EC commercial policy in the context of the Uruguay Round of world trade negotiations and in the negotiation of "Europe Agreements" redefining the commercial basis of EU-CEEC relations. The function of the present chapter is to bring definition to the European Community system of trade policy management and to the principal characteristics of the Community's decision-making processes in this policy area (see Sections 3.1 & 3.2). In the thesis to date, observations with respect to Community decision-making have rested with a general appreciation of the Community policy system and advancement of the thesis now rests with a concentrated analysis of Community trade policy management and the political economy of the Common Commercial Policy or CCP. Section 3.3 offers a summation of findings here, and with reference back to the conclusions of chapters one and two, an outline approach to EC trade policy analysis is established ahead of the empirical concentrations of succeeding chapters.

3.1. THE EC's COMMON COMMERCIAL POLICY: AN INTRODUCTION

Writing on the Community's uncertain evolution towards integration has, in quite considerable part, focused on the interests and structuration of internal trade, the Single Market Programme but the latest attempt to realise the ideal of internal market freedom. Indeed historically, if episodically in terms of implementation, the

basis for the EC has been freedom for movements of capital, labour, goods and services, undistorted competition and non-discrimination. From the outset, the corollary to this process of internal market integration and regionalisation has been an engenderment of a commonality in externalised trading relations, fulfilling the notion of a common trading regime integral to the Common Market concept [1]. For this reason, the EC, over near forty years of existence, has built upon the immediate achievement of a systematised protection of its market frontiers via a common external tariff (CET) to establish, out of legal codes enshrined in the founding Rome Treaty, a system or network of "common" trade instruments, defences and initiatives. In seeking to ally their interest in liberalised internal trade with that of "open" international exchange (Article 110), the member-states have progressively invested the Commission of the European Communities with an exclusive competence in the realm of external economic relations and a range of "common" trade policy powers and instruments akin to those of the most powerful state policy-makers in the contemporary global economy. The prominence of this common commercial policy has been a reflection of the collective economic weight of the member states, the weight and presence of the EC in international fora, and of the constant and high-profile intermediation of internal interests integral to the formation of cogent objectives and negotiating lines.

Out of the legal codes enshrined in the founding Treaty of Rome concerning common external relations and a common commercial policy, the exclusive competence of the Community's institutions in external trade policy continues to rest with Article 113 which establishes a common commercial policy based on uniform principles, the conclusion of tariff and trade agreements and measures to protect trade. Under this article, modestly redrafted under the Treaty on European Union (TEU), the Commission is empowered to make recommendations on overall trade policy to the national representatives of the Council of Ministers, and the member states accept de jure limitation on their rights to independent negotiation in this area.

This central Article, which reads as follows, has traditionally been complemented by Article 116 of the Rome Treaty, recently dropped under the Treaty on European Union:

"The Common Commercial Policy shall be based on uniform principles particularly with regard to changes in tariff rates, the conclusion of tariff and trade agreements, the achievement of uniformity in measures of liberalisation, export policy and measures to protect trade such as those to be taken in the event of dumping and subsidies."
(Art.113 [1])

This latter Article, Article 116, had stated that the member states shall:

"in respect of matters of particular interest to the common market, proceed within the framework of international organisations of an economic character only by common action."

Since the Community's inception, the provisions of Articles 113 and 116 have been supported by a number of further articles and these initial provisions have, in due course, been supplemented by case law, by periodically revised import regulations and restrictions, and by the major treaty revisions, notably those of the Single European Act (1987) and of the Treaty on European Union (1992). Articles 3-9 (the establishment of the common external tariff or CET), Article 110 (definition of purposes), Article 112 (aid for exports), and Article 115 (safeguards and the deflection of trade), remain central to overall Community competence in this domain. The substance, if not the application and interpretation of these articles, has remained unchanged since the Rome Treaty with Community influence and authority in this realm extended further under Article 131 (enabling trade and aid benefits to former colonies and overseas territories), Article 228 (negotiation of trade and tariff accords with non-members), Article 229 (inter-institutional management), and Article 238 (association agreements with non-members). The Community's regulations for imports have rested primarily with its successive guiding regulations on its Common Rules for Imports (at time of writing Reg. No. 518/94/EC) but the Community does of course hold a range of special arrangements for imported products from its trading partners governed by its preferential schemes, associations, and autonomous restrictions Imports from

State-trading countries for example have been successively regulated by Regulations numbers: 1765/82/EEC, 1766/82/EEC, 3420/83/EEC and 519/94/EC, while supplies from non-WTO members are governed by autonomous restrictions.

Legal cases in 1971 and 1976 have affirmed the effective exclusivity of Community competence in virtually all matters of commercial policy [2]. ECJ Court Opinion 1/94 (November 15), following differences of view between the member states and the Commission and between the Council and the Commission, has however provided some necessary clarity as to the exact scope of the Community's competence in commercial matters given the expansion of multilateral codes and negotiations into areas where EU integration and harmonisation is as yet incomplete. The Court has ruled that though exclusive competence in the trade of goods and agriculture is firmly established under EC law, the competence of the EC to sign multilateral codes on behalf of the member states in certain aspects of trans-frontier services trade and in trade-related intellectual property matters is not yet fully established. The base rule here (and as applied to the conclusion of the UR Agreements) is that where the subject matter of an international agreement is beyond the present scope of EC competence, engagements are to be undertaken by the EC and the individual member states as "mixed" agreements, albeit with little practical implication for negotiations or the implementation of the Codes themselves [3].

Despite such qualification, and a number of residual quotas also bely a history of intra-EC quantitative restrictions [4], the scope of the Community's common trade policy is considerable. This is a fact reflected in the vastness of its array of commercial policy instruments beyond the CET and its powers to differentially treat (in a commercial sense) outsiders and rivals. These "instruments", which include: common antidumping rules; other temporary measures; rules of origin requirements; local content stipulations; surveillance powers; and a basket of quantitative import restrictions, are shortly detailed; but it is worth noting here that the scope of these trade tools and the coherence of the Community's import regime

is impressive, especially alongside the Community's ability to conclude trade agreements and to conduct commercial negotiations on behalf of the member states. Furthermore, though the Commission is seen here to manage distinctive trade tools (tariff-based, quantitative, legal and informal), "it also administers [internal] policies that can be employed to shape the terms of international competition." (Howell, Gwynn & Gadbaw, 1992:411). For example, current EU rules in areas such as banking, insurance and air transport contain reciprocity provisions which can be used in the absence of bilateral access commitments or multilateral obligations (as yet to be invoked), and EU legislation introduced during 1993 and 1994 reflects the increasing impact of environmental objectives and constraints on production and trade [5]. Internal business policies such as innovation and competition policy promulgate trade-related rules and regulation, and of course the Single Market itself has provided the Commission and the member states with considerable trade leverage as competitors manoeuvre to protect and promote interests and regional partners push for association with the Union's "economic space". This interrelationship between what may be seen ostensibly as external and internal policies, is also further examined in this chapter as we progress directly to the political economy of EC trade policy-making.

An account remains to be made of the principal trade policy instruments of the European Community, an understanding of which is essential ahead of the later analysis of policy action and trade negotiations. It is to be established however that the present purpose is to give an account of these instruments, themselves representing the tools through which several policy objectives are implemented, and not to provide exhaustive detail here. Equally, discussion of the legal structures and codes relating to the implementation of trading standards, trade-marks and border regulations etc also falls outside the parameters of this analysis. Such points are covered in greater depth in more technicalistic and legalistic accounts of EC commercial policies and competences (e.g. Groux & Manin, 1985; Volker, 1987; Marasceau, 1993; & O'Keefe & Emiliou, 1996).

3.1.i. Policy instruments and features of EC trade legislation: tariff barriers

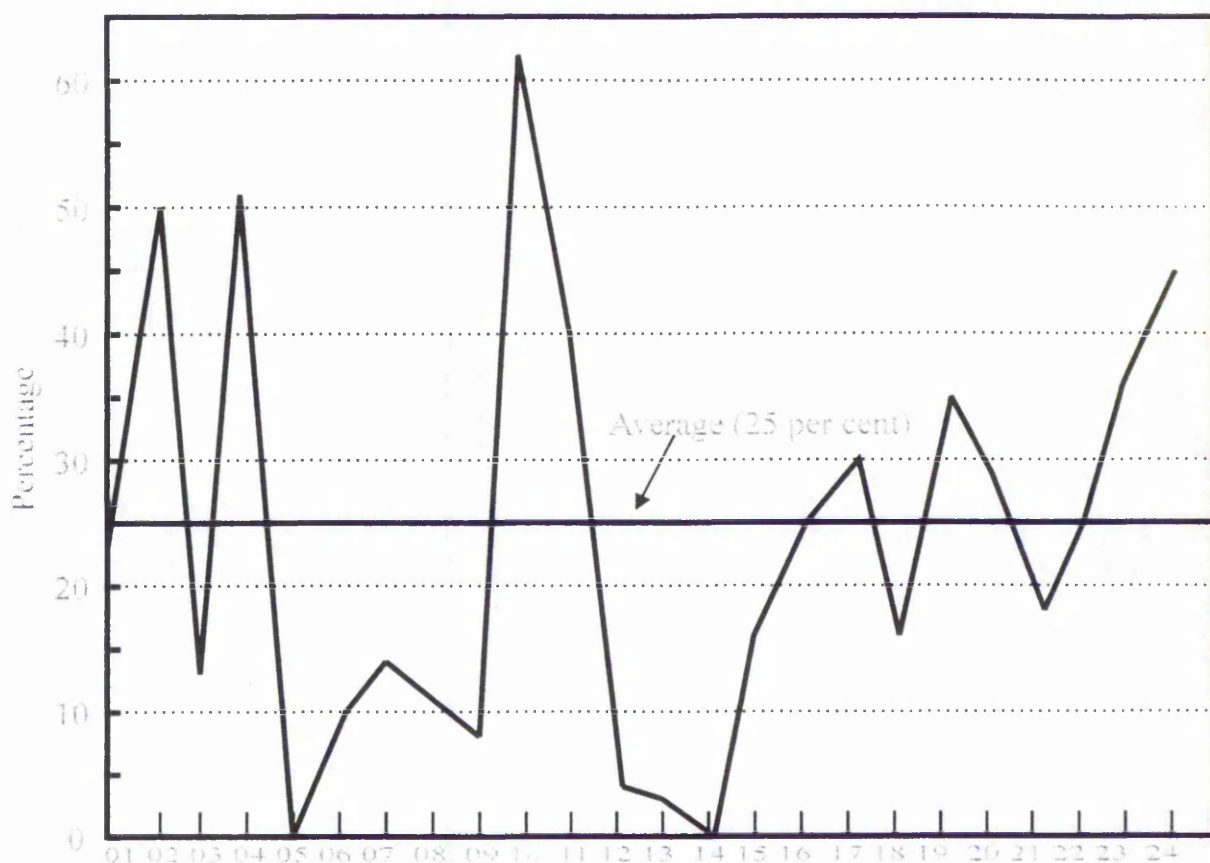
The establishment of the Common Customs Tariff (CCT) by the harmonisation of the sometimes widely differing tariff levels of the individual member states was one of the earliest tangible signs of the formation of the Community. Under this enduring system all imports into the Community are subject to duty or duty-free entry in accordance with their classification in the EU harmonised tariff schedule; The Integrated Tariff of the European Communities (TARIC) succeeding the CCT nomenclature as established by Regulation 950/68/EEC. Duty-free entry may be the case in particular products from particular countries where the Community extends trade preferences (as under its system of generalised preferences 'GSP') [6] or where it has concluded either Association or free trade agreements. It is the general case however that the "standard" external tariffs, applied on most-favoured nation (MFN) terms, are a means of market protection for the EU's key industries (e.g. electronics, chemicals, wood and paper products) and its agricultural sector.

Tariff barriers to the EC market have progressively diminished. On completion of the Community's customs union in 1968, its common external tariffs (industrial) averaged 10.4%, compared with member states' average tariffs of 13% in 1958 (Sapir, 1992: 1500). Since then Community tariffs have been reduced with successive GATT rounds and in the first year of the Uruguay Round tariff reduction schedules (covering the period 1995-2001), the Communities' unweighted average tariff on industrial products stood at just under 6%. (WTO, 1995a) Amongst the more significant of tariff rates, third country imports of products concentrated in the textiles, clothing, motor vehicular, consumer electronic, and paper product sectors, continued to carry nominal weights of 10% and above. Across all products (industrial and agricultural) , the Communities' simple average tariff as of July 1995 was estimated at 9.6% (WTO, 1995a).

The relatively high level of agricultural tariffs is to be noted here as is the consequence of the tariffication processes agreed under the terms of the UR deal on

agricultural products. Market access commitments in agriculture involve the tariffication of variable levies and other barriers contributing to a pattern of peak tariffs on meat, dairy products, cereals and tobacco (see Figure 3.1).

Figure 3.1: Average tariffs by HS chapter, agricultural products. EU-12, 1995



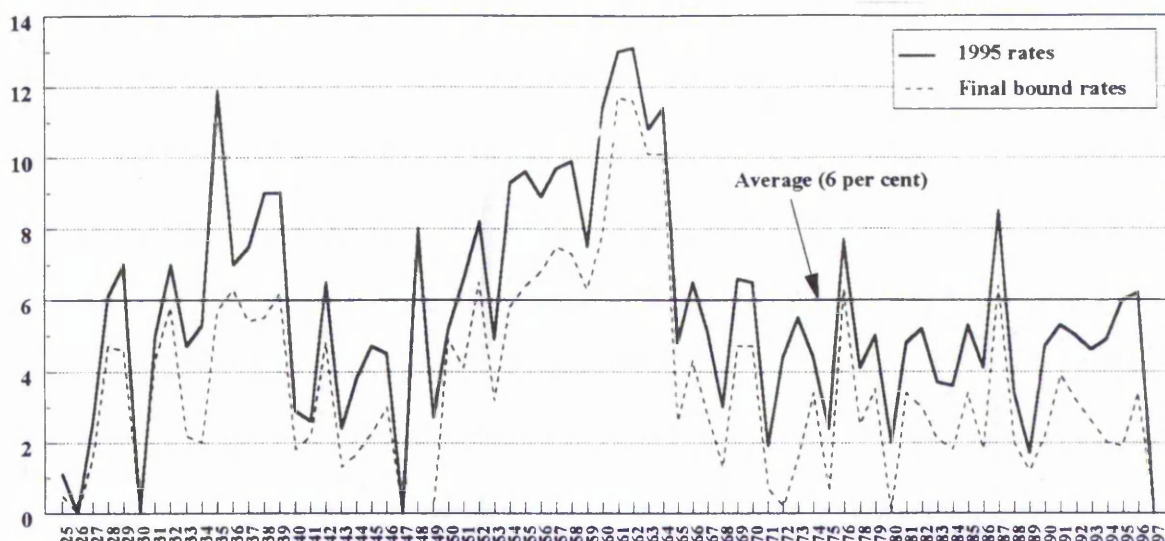
Chapter	Description
01	Live animals
02	Meat and edible meat offals
03	Fish and crustaceans, molluscs and other aquatic invertebrates
04	Dairy produce, birds eggs, natural honey, edible products of animal origin
05	Products of animal origin n.e.s.
06	Live trees and other plants; bulbs, roots and the like; cut flowers
07	Edible vegetables and certain roots and tubers
08	Edible fruit and nuts; peel of citrus fruits or melons
09	Coffee, tea, mate and spices
10	Cereals
11	Products of the milling industry; malt; starches; wheat gluten
12	Oil seeds and oleaginous fruits; miscellaneous grains, seeds and fruit
13	Lacs; gums, resins and other vegetable saps and extracts
14	Vegetable plaiting materials; vegetable products n.e.s.
15	Animal or vegetable fats and oils and other cleavage products; prepared edible fats; etc.
16	Preparations of meat, or fish or of crustaceans, molluscs or other aquatic invertebrates
17	Sugars and sugar confectionery
18	Cocoa and cocoa preparations
19	Preparations of cereals, flour, starch or milk; pastrycooks' products
20	Preparations of vegetables, fruit, nuts or other parts of plants
21	Miscellaneous edible preparations
22	Beverages, spirits and vinegar
23	Residues and waste from the food industries; prepared animal fodder
24	Tobacco and manufactured tobacco substitutes

Source: WTO Secretariat calculations. As featured in the WTO's Trade Policy Review of the European Union (1995a).

The July 1995 review of EC trade policy by the WTO's Trade Policy Review Body (TPRB), suggests that the main consequences of the Uruguay Round on the tariff front will be an average reduction of around 37% by July 2001, with a final unweighted average rate for industrial products at a reduced 3.7% and the bulk of duty rates between 3 and 10%. Tariffs on products such as pharmaceuticals, most steel items, paper, furniture, some toys, soaps and detergents, will be eliminated by the turn of the century. In contrast, significant escalation will follow in textiles and clothing under processes of tariffication endorsed in the Agreement on Textiles & Clothing (ATC). This is an agreement detailed in chapter four. Fig 3.2 (overleaf) provides an indication of both 1995 rates for industrial products and of anticipated rates for the year 2000.

It is to be noted that the estimates provided here and by the WTO (1995a) and GATT (1993a) reports, as well as those provided in figs. 3.1 and 3.2, are based on most-favoured-nation tariffs and, thus do not reflect the operation of the Communities' various preferential agreements. In this context, it is worth noting that the vast majority of external trading partners qualify for free-trade area or other preferential treatment, a theme pursued at greater length in later chapters. Nonetheless, tariff-applications, and within that gradations of privilege, clearly remain an integral aspect of the EC external trade policy and customs regimes.

Figure 3.2: Average tariffs by HS chapter, manufactured products. EU-12, 1995



HS Chapter					
Chapter	Description	Chapter	Description	Chapter	Description
25	Salt; sulphur; earths and stone, etc.	48	Paper and paperboard, etc.	72	Iron and steel
26	Ores, slag and ash	49	Printed books, newspapers, pictures, etc.	73	Articles of iron and steel
27	Mineral fuels, mineral oils, etc.	50	Silk	74	Copper and articles thereof
28	Inorganic chemicals; organic or inorganic compounds of precious metals, etc.	51	Wool; fine or coarse animal hair, etc.	75	Nickel and articles thereof
29	Organic chemicals	52	Cotton	76	Aluminium etc.
30	Pharmaceutical products	53	Other vegetable textile fibres	78	Lead and articles thereof
31	Fertilizers	54	Man-made filaments	79	Zinc and articles thereof
32	Tanning or dyeing extracts, etc.	55	Man-made staple fibres	80	Tin and articles thereof
33	Essential oils and resinoids; perfumery, cosmetic or toilet preparations	56	Wadding, felt and non-wovens; special yarns; twine, cordage, etc.	81	Other base metals, etc.
34	Soap, organic surface-active agents, washing preparations, etc.	57	Carpets; other textile floor coverings	82	Tools, implements, cutlery, spoons and forks, etc.
35	Albuminoidal substances; modified starches; glues, etc.	58	Special woven fabrics; lace, etc.	83	Miscellaneous articles of base metal
36	Explosives; pyrotechnic products; matches, etc.	59	Impregnated, coated, covered or laminated textile fabrics, etc.	84	Nuclear reactors, boilers, machinery, etc.
37	Photographic or cinematographic goods	60	Knitted or crocheted fabrics	85	Electrical machinery and equipment, etc.
38	Miscellaneous chemical products	61	Articles of apparel and clothing accessories, knitted or crocheted	86	Railway or tramway locomotives, etc.
39	Plastics and articles thereof	62	Articles of apparel and clothing accessories, not knitted, etc.	87	Vehicles other than railway or tramway rolling-stock, etc.
40	Rubber and articles thereof	63	Other made-up textile articles; sets, worn clothing, etc.	88	Aircraft, spacecraft, etc.
41	Raw hides and skins and leather	64	Footwear, gaiters, etc.	89	Ships, boats, etc.
42	Articles of leather, etc.	65	Headgear and parts thereof	90	Optical, photographic, etc. apparatus
43	Furskins and artificial fur; manufactures thereof	66	Umbrellas, walking-sticks, etc.	91	Clocks and watches, etc.
44	Wood and articles of wood, etc.	67	Prepared feathers and down, etc.	92	Musical instruments, etc.
45	Cork and articles of cork	68	Articles of stone, plaster, etc.	93	Arms and ammunition, etc.
46	Manufactures of straw, of esparto, etc.	69	Ceramic products	94	Furniture, bedding, etc.
47	Pulp of wood or of other fibrous cellulosic material	70	Glass and glassware	95	Toys, games, etc.
		71	Natural or cultured pearls, precious or semi-precious stones, precious metals, etc.	96	Miscellaneous manuf. articles
				97	Works of art, antiques, etc.

Note: In the Uruguay Round negotiations, certain items in chapters 25 to 97 were classified as "agricultural" products.

Source: WTO Secretariat calculations. As featured in the WTO's Trade Policy Review of the European Union (1995a).

3.1.ii. Policy instruments and features of EC trade legislation: quantitative restrictions and surveillance measures

The common rules for imports also provide for trade restrictions on a range of products largely confined to certain sensitive sectors. Here EC trade policy instrumentation is undergoing radical reform with a shift away from "residual" national quantitative restrictions allocated and sanctioned by the Commission (ostensibly to protect against injurious trade deflection), to a system of EU-wide restrictions and Community administration. National restrictions, traditionally invoked under Article 115 of the Rome Treaty or permitted under Regulation 288/82/EEC, can no longer be enforced since the abolition of goods-controls at internal EU borders. The Commission's consequent aim has been to replace the system of dividing quantitative quotas into national shares as laid down in Reg. No. 1023/70/EEC by a Community procedure for administering a number of Community wide quotas (Bull. EU 1/2-1994: 92).

The present system of such EU wide restrictions in assorted product categories is then effectively a product of the traditional role of quantitative restrictions in the Community's sectoral regimes and "autonomous restrictions", and of the so-called "communization" of prior national restrictions. As stated in the WTO Secretariat's report on the EU's trade policies (1995a: 57):

"Major cases of "Communization" are the new Common Market Organization for Bananas and, temporarily, the car "consensus" with Japan, and a quota regime for canned sardines and tuna. In addition, Community measures have replaced national restrictions on specified consumer products from China, and iron and certain steel categories from Mongolia, Vietnam and some members of the Commonwealth of Independent States (CIS)."

The Community has professed a long-standing policy based on the progressive elimination of such quantitative restrictions with relevant regulations listing restrictions as temporary exceptions to a guiding principle of liberalisation. It is widely viewed as seeking to move away from reliance on this traditional policy

instrument in favour of more sophisticated and less controversial measures (Howell, Gwynn & Gadbaw, 1992:418). Two regulations have eliminated some 6,700 national restrictions (some 4700 vis-a-vis China) without any compensation by the countries concerned (Regs. Nos. 519/94 & 3285/94) and in their place, Community quotas in respect of the People's Republic of China and those fixed for more general purposes (see above) are certainly limited in number. Though it is noteworthy that its unilateral quantitative measures against China are particularly restrictive (Reg. No. 519/94/EC), quotas for toys, bicycles, silks and certain footwear items have been revised upwards to take account of EU enlargement and on the basis of experience gained in 1994.

Overall, the Community's assorted QRs have been largely in breach of Article XI of the Gatt which demands the general removal of quantitative restrictions and the Community has remained under censure by the GATT during the period of transition from residual national quotas to select EU-quotas. Quantitative restrictions of this nature run counter to the GATT's most-favoured nation principle which prohibits discrimination, as they are aimed at individual exporting countries, principally Japan, Korea, Taiwan, Hong Kong, and the State-trading economies. Member States have been locked into familiar rows between northern "liberals" largely disposed of national quotas and a southern camp, led by France, advocating the preservation of harmonised quotas at effective levels. Germany for example unilaterally disposed of national restrictions vis-a-vis the State-trading countries in 1993 (along with the Netherlands) and, along with the UK, the Netherlands, and Denmark, pushed hard for the noted 1995 concessions on China's quotas (Reg. No. 538/95).

Community law also provides for the operation of import surveillance systems where member states can request that the Commission monitors imports into a particular Union economy where these might cause difficulties for indigenous industry and if the Community's interests so require. In 1994 for example, the Commission extended for 1995 a system set out in 1992 for the surveillance of

imports of ECSC iron and steel products (Commission Rec. 3118/94/ECSC) and recommended to place under particular and "retrospective" surveillance, steel-cable imports from non-member countries (OJ L 242, 17/09/94). Such monitoring follows specific request from anxious European producers/manufacturers and may lead to protective action. The Community may only issue importation documents of limited periods of validity (generally as an interim action) or may actually propose that the Council introduces safeguard measures. In cases of urgency, the Commission can immediately impose quantitative restrictions potentially amended or revoked by qualified majority in Council. In the absence of a Council decision within three months, the measures in question are deemed to be revoked. It may be noted that for periods since 1993, the Community has held under surveillance, VHS imports from Korea, textiles and clothing from the Mediterranean basin, a range of engineering machinery and electronic products from Japan, apple imports from Chile, and shoe imports from Taiwan. As Murphy (1990b:056) observes, "...the initiation of surveillance procedures, as with anti-dumping procedures, may encourage third countries to voluntarily curb exports of the product in question to the EC."

This brings us directly to the community's use of trade defence instruments. Regulations in the relevant areas here- safeguards, dumping, subsidies and temporary remedial measures, were actually updated at the end of 1994 (to incorporate the Uruguay Round results), signalling the Community's development of a new system of "commercial defence".

3.1.iii. Trade defence instruments

Anti-dumping

Anti-dumping action, against the selling of goods in the EU for prices lower than production cost or prices charged in domestic markets, has emerged as one of the Community's most central defences against injurious import penetration in recent

years and has, in its own right, attracted in depth political economy analysis (e.g. Tharakan, 1991). Community officials presently view anti-dumping law, among wider safeguard actions, as a vital tool of common commercial policy and the EC remains one of the most frequent users of anti-dumping remedies in the GATT system (see fig. 3.3). Numerically, the European Community has launched a large and steadily increasing number of suits (over 400 between 1980 and 1990) It maintained 156 measures at the end of 1994 contrasting with a total of two countervailing actions and three safeguard measures under Article XIX, including restrictions by Germany on coal imports.

EC anti-dumping action has classically taken the form of penalty duty impositions with, since basic Regulation No. 2423/88/EEC and Commission Decision 2424/88/ECSC, multiple examples of tariff imposition at often prohibitive rates. Recent examples of such action (all 1995) include the imposition of special duties on colour television receivers from Malaysia, China, South Korea, Singapore and Thailand, duty action against the dumping of ammonium nitrate from Russia and Lithuania, and against imported photocopiers from Japan. These cases are, in truth, but recent examples of an unabated trend toward such action including: the setting of definitive duties of as much as 60%-96% on Japanese broadcasting camera system imports (Reg. No. 1015/94/EC), tariff action against Chinese and South African imports of ferro-silicon at 49.7% (for five years) against Chinese imports and at 47.4% for most South African material imports (Reg. No. 621/94/EC), and further definitive tariff duty impositions in 1994 against isobutanol imports originating in the Russian Federation (Reg. No. 721/94/EC) and against imports of silicon carbide originating in several former Communist economies (Reg. No. 821/94/EC).

Threatened imposition of such duties has also underlain local content commitments from foreign subsidiaries in the EC, and the "safeguards" of pricing agreements and voluntary export restraint agreements (VERs) have emerged as alternative procedural outcomes or settlements though the WTO Agreement on safeguards

requires such voluntary export restraints to be abolished by the start of 1999. The classic case here is the "consensual" export restraint agreement extending from the 1991 EC-Japan "gentlemen's agreement" on motor vehicles. This VER, the termination of which will coincide with the WTO abolition date for such "grey measures", effectively limits Japanese exports to a maximum 16% share of the EC market up to 1999 whilst protecting Japanese exporters from what would otherwise be near constant investigation and antidumping action. Ultimately, any exporter to the EU who thinks he might be accused of dumping has a strong incentive to raise prices or modify competitive practice, in order to avoid anti-dumping duties.

Figure 3.3: EC anti-dumping actions, 1990-94

	1990	1991	1992	1993	1994 (Jan-June)	1994 (July-Dec)
Initiations	43	20	39	21	34	9
Measures taken	27	22	16	19	14	9
of which: Definitive duties	18	19	16	19	8	9
Price undertakings	9	3	0	0	2	0
Findings of no dumping	0	1	1	1	5	0
Findings of no injury	13	6	4	1	1	0
Measures in force	139	142	158	150	***	156

*** Not available

Reports prepared by the Community and the GATT/WTO Secretariat in the context of the 1991, 1993, & 1995 Trade Policy Review Mechanisms, have suggested that exporter price undertakings- a binding commitment to raise export prices so as to alleviate injury suffered from dumped exports- are increasingly secured by the Community as an outcome of anti-dumping procedures (see fig. 3.3). It is

Commission practice that such undertakings are accepted only after provisional determination that dumping exists so that duties can be imposed if exporters are found to circumvent their agreement. It may be that the high frequency of such undertakings as a way to end proceedings reflects exporter interest in price increases as distinct from the payment of antidumping duties and Commission consideration that such recourses demonstrate the 'liberal' nature of its antidumping policy and are ultimately 'Gattable'.

Complaints about dumped or subsidised imports are lodged either directly with the Commission or through the member states. The Commission will decide, after consultation with an advisory committee including representatives of the member states, whether or not to initiate investigations which were to be concluded within one year prior to the 1994 agreement on reform of commercial policy instruments but which are now to be "normally" concluded within six months. And in accordance with GATT codes, the imposition of both provisional and definitive duties is contingent upon the establishment of "dumping" and of injury caused thereby. Though the function of this chapter here is not to detail the fineries of EC anti-dumping policy as considered in Davenport (1989) and Tharakan (1991); we can note several important points here. First, the requirement is that injury or threat of injury to Community industry (not national industry) is to be proven. Second that measures may only be taken when the interests of the Community call for intervention. And third that the Commission imposes provisional duties only after the preliminary finding of dumping and injury, the validity of those duties holding for a maximum of six months. Definitive duties lapse after a maximum "sunset" period of five years [7]. Despite the recent changes streamlining the investigation process and generally easing EU action against "unfair trade", it remains the case that any provisional duties become definitive only after majority vote in the Council (if now by simple as opposed to qualified majority vote). It is noteworthy however that this change reverses the earlier position whereby a northern free-trade bloc (the UK, Denmark, Holland and Germany) could block anti-dumping duties through a qualified minority.

Antidumping policy, as with the rarer imposition of countervailing duties against illegally subsidised exports, may be of limited effect as an instrument of trade defence, for instance in the length of time it takes to react to injury [8]. It is however central to the commonality of commercial policy at the EC level and clearly demonstrates both the coherence and increasing centralisation of the EC commercial regime and its trade defences. It is wielded both as a legitimate weapon against unfair trading and as a "strategic" weapon against what often appears as "fair" import competition particularly in the most vulnerable industries. In a number of EC anti-dumping decisions, the Commission has referred to the strategic importance of the industry concerned underscoring this as a major consideration in the decision to impose penalties [9], and there are several devils in the details of EC anti-dumping action that reflect its use as an instrument of trade protection. Notable here are a range of tricks related to: the extension of duties to "like products" (or parts thereof if existing measures are circumvented), and to the calculation of dumping margins, costs, injury calculations and refunds. The EC's anti-dumping procedures certainly lack any real transparency [10].

Countervailing measures and safeguards

The Community's countervailing legislation, by comparison, has been used somewhat sparingly (WTO, 1995a: 64). The only measures in place at the end of 1994 concerned polyester fibres and yarns from Turkey and certain ball-bearings originating in Thailand. New Regulation No. 3283/94 now governs countervailing or anti-subsidy action, providing definitions of: subsidies, measures of calculation, procedures for action etc., all in general accordance with the WTO Agreement on Subsidies and Countervailing Measures.

As briefly noted at an earlier point in this chapter, also under the WTO Agreement, all grey-area measures, such as VERs and orderly marketing agreements, are to be phased out according to fixed timetables. The EU has notified a number of such

measures which are to be eliminated [11] and, to comply further with the WTO Agreement on Safeguards, has timetabled the elimination (by 31st December 1999) of safeguard measures under Article XIX of the GATT and has revised its definitions/provisions for the establishment of safeguard actions, their time limits, review and reimposition (Reg. No. 3285/94). The enduring safeguard measures under Article XIX of the General Agreement cover selected imports of coal, dried grapes and preserved cherries).

The Community's safeguards are therefore now firmly established under GATT/WTO provisions, with the remainder of the 1990s an effective period of "transition" This is perhaps clearest in the safeguard rights now applying in the areas of textiles and agriculture following agreements in these sectors under the Uruguay Round (see chapters four and five).

The Trade Barriers Regulation

A further trade remedy to be discussed in review of the EC's trade defence instruments relates to the Community's Regulation No.2641/84/EEC (the Commercial Policy Instrument) and its succeeding Reg. No. 3286/94, which introduced the so-called New Trade Barriers Regulation. These have provided the EC (for successive periods) with a different type of commercial instrument, working to remove specific problems on export markets. Explained with reference to the "new" Trade Barriers Regulation, EU industries, enterprises and member states now may request the Community to defend its rights under international trade rules with precise respect to injury done to Community industries in their export markets or, put alternatively, to illicit commercial practices in third countries. With Regulations applying to goods, some services and to intellectual property, the Regulation's main purpose therefore is, according to the Commission, to achieve greater trade liberalisation within the context of international rules.

Given demonstration of Community interest, evidence of injury or threat of injury to Community industry, and given the exhaustion of bilateral consultations, or where possible, WTO dispute settlement procedures, the EC sees itself as empowered to take unilateral actions including: suspension or withdrawal of concessions, increased customs duties or import surcharges, and the introduction of QRs. The New Trade Barriers Regulation (TBR) specifies the internal procedures for actions against objectionable practices, and takes into account the changes in international dispute settlement procedures agreed under the Uruguay Round. It is to be noted that the EC sought and achieved new restrictions on unilateral action against illicit practices in the Uruguay Round reflecting its preparedness to abandon such instrumentation in the context of more effective multilateral dispute settlement procedures.

Only a few investigations had been carried out under the repealed NCPI following its inception in 1984, including the Commission's 1987 and 1991 actions against the production of pirated cassette tapes in Indonesia and Thailand respectively, and only two cases remained active at the time of writing, now under the TBR. Writing during the period of the NCPI, Murphy (1990a) observed that the NCPI complemented the EC's leading trade policy instruments in its alternative focus on export opportunities in third markets as opposed to importation regulation. This clearly still holds given the nature of the superseding TBR.

3.1.iv. Local content requirements and rules of origin

The recent emphasis on the trade defence instruments just considered, is matched by a growing emphasis in the Commission on trade-related rules and legal mechanisms extending to stringent content stipulations and origin requirements. As Howell, Gwynn & Gadbaw (1992:416) observe, content and origin requirements, which appeared with some frequency in the rules being adopted to implement the Single Market, "have crept into areas such as anti-dumping investigations, administration of quotas, provision of state aids and ad hoc measures such as the

television broadcasting directive." They have become central to EC protection against Japanese competition via US-based transplant production [12] and are central to the trade regime vis-a-vis third countries with all bilateral preferential trade requiring the determination of origin. Under the Europe Agreements of Association with East-Central European economies for instance (see chapter six for an extensive analysis), the EC has come to stipulate that in order to qualify for tariff-free access to the EU, East-Central European manufactured exports must have at least 60% local or EU content. There are, as with the EEA participants, provisions for diagonal cumulation [13]. Rules for the value added by "non-local" parts and materials and for the incorporation of non-originated inputs vary somewhat from agreement to agreement.

The EC's freedom for action here has been assisted by the lack of specific stipulations of local content rules in the GATT, and though a dispute settlement panel found in 1984 that local content rules should not be used to discriminate against imports, the EC's moves in this area, date back to basic regulation in 1968. Specific local content requirements have been set (as an outcome of antidumping investigations) in manufactures including, televisions, radios, photocopiers and semiconductors, and much has been made of the effective, if not strictly legally defined, 80% local content requirement for Japanese cars produced in EU plants (in order for these to be treated as European production). The EU's public procurement directive also establishes, for governments and local authorities, the right to insist of non-EC companies at least 50% local supplies and equipment in completing the job, and there are non-binding European content requirements for television programme stations in the EU under the 1989 EC directive on "Television Without Frontiers [14].

3.1.v. Measures directly affecting exports

Trade-related measures and legislation in the EC case extend to the promotion and

protection of export opportunities as well as encompassing the range of considered instruments and mechanisms regulating Community imports. Though current export promotion activities at EU level appear modest, the Council, at time of writing, was working on a Commission proposal for a directive establishing EU rules for export credit insurance, export credits playing a key role in financing the sale of large capital installations on foreign markets. This proposal adopted by the Commission on the 13th July 1994, aims to harmonise the main provisions concerning export credit insurance for transactions with medium- and long-term cover in order to reduce distortions of competition.." (OJ C 272, 30/09/94).

With respect to export controls and restrictions, the Member States are party to the OECD consensus on the control of export credit subsidies and, since July 1st 1995, exports of dual use (military and civilian) goods have been covered by a new and more comprehensive regime of standards and controls, based on provisions of the Maastricht and EC Treaties (Decision No. 94/942/CFSP, and Reg. No. 3381/94).

*

This review of EC trade policy instrumentation has not of course been exhaustive and there are rules governing countertrade, standards and technical requirements and wider remedial actions that would merit explanation in a fuller review. What is established here however is the vast array of instruments in the hands of the Community and the extent to which the Community is invested with near total responsibility in commercial matters, with the Commission established as an executive arm. This is a critical factor in the project at hand here as it provides us with a "common" trade policy system and regime rather than an aggregation of separate, if related, national trade policies. It is the political economy of decision-making in that system that now directly concerns us once again.

3.2. THE POLITICAL ECONOMY OF EC TRADE POLICY: INTRODUCTION

Coexisting characteristics of EC external trade policy and diplomacy are attributable to a combine of internal and external roots and pressures. Like rival trade policy-makers (e.g. the US, Japan, India and Korea) the Community must deal, in its strategic planning and decision-making processes, with internal pressures and stimuli (political, structural, & procedural) whilst finding its commercial calculations and diplomacy subject to international or "external" pressures and to "economic" constraints.

3.2.i Economic environments and the external roots of EC trade policy

This chapter has already provided indication that apart from its own instruments of commercial defence, the EC's trade policy is governed by a set of external codes and international regimes primarily associable with the GATT (now WTO) and the OECD. We have also arrived at a sense of the degree to which the development of trade relations and instrumentation, may be influenced by external developments, trade balance movements and changes in what may be termed, the "economic environment". Though it is not within the remit of the present chapter to detail the consequence of the GATT regime for EC commercial law and decision-making or to account for the development of European and international economy over the period of the Uruguay Round, these facts have significant meaning for policy analysis and require further consideration at this juncture. From the point of view of the policy analyst, the EC's external economic policy-making is manifestly located within a fluid relationship between the EC political economy and the wider global economy (including the GATT regime), and exogenous, as well as essentially "economic" limits to its actions and deliberations on the commercial front, are to be fully recognised.

An initial observation here must be that the EC's trade policy and diplomacy is carried out in a highly interdependent world characterised by a substantial volume

of international trade, to which it makes leading contribution. Over 12% of the EU's GDP is accounted for by visible and invisible trade and in 1993, merchandise exports accounted for 8.9 % of EU GDP and for 20.7% of world trade (Woolcock, 1993a). Again, in 1993, the EU economies were responsible for over 27% of world trade in commercial services reflecting a strong competitive position in major sectors. Trade in services has expanded rapidly; however services are still less important in external trade than in overall Union GDP. Several of the EU member economies (the UK, France, Germany, & Italy) are amongst the world's top-dozen international traders as measured by volume, with several other member states (Belgium, Ireland, Holland & Luxembourg) dependent on export markets for the sale of over 30% of national output. A fundamental aspect of such international trade and interdependence, and one underpinning European regional integration itself, is also the sizeable scale of intra-EU trade (68.5% of all EU exports go to other EU economies according to Eurostat data), with intra-EU trade continuing to grow as a proportion of overall trade in recent years.

Associated with this interdependence and expansive international trade is of course the existence of a network of multilateralised codes and trading rules governing the signatories of the General Agreement on Tariffs & Trade (GATT) and of the more recent WTO Agreement. It is transparent that the multilateral trade regime imposes effective limitations on the Community's freedom of action in the areas of tariff protection, non-tariff barriers, safeguards and unilateral remedies. We have already noted in this chapter, processes of incorporation involving the transposition of principles of multilateral agreement into the EC acquis. The Community is not of course constrained or driven to the extent that its rules are simply determined by GATT provisions- Community practices, as made clear in this analysis, have deviated from or have contravened GATT codes in a wide range of areas (e.g. QRs, safeguards and discriminatory treatments)- but its legal codes, practices and instruments have been developed in a context of GATT membership and under the threat of censure and penalty by Gatt panels. Such exogenous limits are of course the theme of liberal-institutionalist political economy (see chapter two). Yet though

we should accept that such norms and rules govern interaction among states and help to shape behaviour by proscribing or discouraging certain actions and promoting others, I must echo Ramesh (1994: 80) in his view that:

"This is not to be understood as suggesting that international institutions 'determine' states' interests or behaviour. They rather limit policy choices and thus constrain what states can do in the international arena".

The Community experience suggests that this is a significantly large degree of freedom and, leaving asides critical "internal" factors for a moment longer, EC trade policy is equally "shaped" by different kinds of international pressures and developments than those noted above. These range from a number of macroeconomic developments (e.g. pick-ups or fall-offs in world trade outside the Community and exchange rate movements) to trends in commercial practices and trade policy decisions in third countries (especially illicit practices and trade defence related actions) and the surface of new issues in international trade such as trade related investment measures and trade related intellectual properties. It has been frequently the case that the focus of EC trade policy has followed leadership initiatives elsewhere in the global economy (e.g. U.S. initiative on multilateral trade talks and their focus in the early-mid eighties), whilst successive GATT Rounds have addressed a fluid set of commercial issues, for example the Tokyo Round's (1973-79) address of the international proliferation of non-tariff barriers to trade. It is worth noting here too that European commercial policy will, on occasion, be forced to respond to external shocks and events of geo-political significance. The EC has classically used trade concessions as a reward for political achievement (e.g. South Africa's post-apartheid development and GSP status), trade penalties as a form of protest or leverage (e.g. the economic and trade sanctions against Serbia & Montenegro extending from Reg. No. 990/93), and has been directed towards an overhaul of its regional trading arrangements by political and economic upheaval in the wider Europe (e.g. the Europe Agreements). A central observation of the preceding chapter was the intersection of commercial policy with wider foreign and security policy, and though the realist notion of FEP as strictly "implanted" in

foreign and security policy is a simplistic viewpoint already challenged in this thesis, it would be foolhardy to assert the independence of trade policy from wider security issues.

Continuing this concentration on "external" and "economic" policy forces for the moment, there is of course the degree to which a considerable competitive trading pressure on the EU contributes to its commercial calculations and policy initiatives. The EU has lost market share over the last decade in a range of manufactured products in both high technology and labour intensive, low R&D sectors, with its strength, as Tsoukalis (1993:256) observes, seeming now to lie in the upmarket end of relatively weak demand sectors such as textiles, clothing, leather, footwear, furniture and motor vehicles; in select areas of dynamic merchandise trade (e.g. industrial machinery, chemicals & pharmaceuticals); and in a broad range of commercial services. The existence of a global 'merchandise' trading deficit with the rest of the world between 1987 and 1993 (at a peak of -52 billion Ecu in 1992) represented a considerable pressure in much recent Community trading calculation and strategy. And though the EU has been "back in the black" since this time (see appendix 4), its trade balance returning to an equilibrium in 1994 and revealing an estimated surplus of approximately 3 billion ecu in 1995, the fragility of today's surplus (this has mainly reflected cheaper imports priced in US dollars and high market growth outside of the Community) and the continuing deficit in key bilateral relations (e.g. with China & Japan), is still a stimulus to protectionist pressures and impulses. The recent growth in the trading deficit with China for example contributed to the Commission's review and effective tightening of import regulations for China and other state-trading economies over the period 1993-94 (see section 3.2).

In extension here, though the major role of intra-industry specialisation in the EU context suggests the limited relevance of structural differences for overall national economic performances and for general attitudes to trade (O'Donnell, 1994: 54), the existence of varied trade specialisations among the member states- with clear

relation to national employment, output, and payments patterns- inevitably represent a significant pressure in sectoral policy-making and strategy [15]. This may work of course in one or other direction. National or regional specialisation(s) in sensitive sectors (e.g. Portuguese specialisation in textiles) may prompt "pressures for protection" where there is a serious threat of third-country import substitution and fierce international competition, or, conversely, the existence of a revealed comparative advantage and/or trading surplus (e.g. the UK's status in financial services), may naturally encourage support for open international trade and related liberalisation efforts. Thus, to the extent that trade specialisations, revealed comparative advantages and import-sensitivities are impactful upon producer groups and on national trade preferences, they must count as a notable aspect of the regional economic environment and as a source of policy pressure.

Last but not least with attention to "external" and "economic" pressures on policy-making, the framework of EC trade policy is of course characterised by a fluid set of macroeconomic conditions at national, regional and international levels. This economic environment is a significant conditioner of policy (see chapter one) though there is no necessary cause-and-effect between recession and protectionist policy outcomes. For the purposes of the present project, it is worth recognising that for the first period of the UR negotiations, the EU economies enjoyed a period of sustained economic growth, and that the latter stages of negotiations were carried out in a context of economic slowdown (1991-92) and outright recession in Europe (from mid-1992 onwards). Aggregate GDP fell in 1993 by 0.4% in real terms (WTO, 1995b). At the point of final agreement on the Uruguay Round negotiations, recessionary forces were being gradually reversed with the Community eventually experiencing vigorous recovery in 1994 (real GDP expanded by 2.75%- WTO, 1995b). Whether or not such conditions "determine" policy or not - and the balance of analysis thus far in this thesis suggests that clearly they do not- it should again be appreciated that the economic pressures of the day weigh in the minds of policy-makers alongside other factors. This is clear for example in the Communities' own

observations on its commercial policies in the context of a recent GATT Trade Policy Review Mechanism:

"The overall trade developments of the Community in 1993/94 were strongly influenced by a number of macroeconomic developments: first, the EC recession and the ensuing recovery; secondly, the strong pick-up in world trade outside the Community; and thirdly, competitive positions reflecting exchange rate movements." (WTO, 1995b: 20).

3.2.ii. Process, institutions and the decision-making complex

External pressures and "economically-based" constraints are therefore, and without equivocation, powerful "environmental influences" on EC trade policy and diplomacy. To a large extent they may shape or condition a universe of possible outcomes and policy options. The exact configuration of influences is immeasurable however and must be seen as contingent upon case, circumstances, priorities and the subjective qualities of the decision-maker and of decision-making per se. It is though not the case that an appreciation of such realities and a systematic attention to such influences takes us anywhere near to an understanding of how the EC makes its commercial policy decisions, in what fashion, and to what aims. The particular qualities and content of EC trade policy(ies) cannot be comprehended without a central account of the unique aspects of its internal structures, processes, and policies, and of its peculiar standing as a supranational amalgam of fifteen national "policies", views and interests and of those of other stakeholders in the policy process. In particular, the range and complexity of its institutional order and system of governance- consisting of a network of relations, rules and processes linking a set of public (Community institutions) and private actors (e.g. organised economic interests) and related action capacities- is fundamental to trade policy formulation in the EC domain.

What has been generated in the case of the European Community is not simply a model of policy formation and management that is extremely institutional by international comparison, but one in which internalised policy agreements and "process"- in the sense of consultation mechanisms, formal procedures, voting rules,

inter-organisational dynamics and actor-bargaining- significantly influence trade policy outcomes, and one in which decision-making structures and procedures significantly determine the extent to which certain actors can shape policy decisions. Further, the model of policy-making with which we are presented is, as according to one senior insider, "varied and diffuse" to the point of unparalleled complexity [16], and the autonomous action capacities and bargaining powers of individual actors or institutions can be seen to vary from one policy/issue area to the next. The procedures according to which policy is made (and there is some variance here even in terms of Community trade policy-making) define which actors participate in the process in a specific issue area, in which ways, and with what level of authority or bargaining power.

Central examination of internal institutional order, policy arrangements and process, and to institutional "action capacities" in the European model may thus be legitimately viewed as integral to genuine political economy analysis of trade policy formulation in the EC case. However far we accept the role and significance of exogenous and economically-grounded policy limits and inputs this is a clear imperative in analytical terms. Indeed it is the principal contention here that the enabling of a rigorous analytical approach to the political economy of EC trade policy is **dependent** on a concentration on the organisational framework of policy formulation and on an account of the groups, actors and interactions relevant to the trade policy-making process. This follows from an assumption, explained in earlier chapters, that an understanding of international trade policies is dependent on a theory of the structures and processes internal to a policy-making system, and the further view that such forces represent especially profound influences in the EC domain, a view quickly found in the Commission's own interpretation of policy-making system:

"The Community system of taking decisions in the trade policy area is one in which a complex set of checks and balances exist and, in the most usual cases, the result is a network of countervailing forces which can cancel each other out...Decisions are very often the result of hard fought internal negotiation

and ultimately of compromise." (EC Commission, "Report by the Commission of the European Communities", in GATT Trade Policy Review of the European Communities Vol.II, First Review, 1991.)

At the most general level, the institutional balance and system of taking decisions is well known and a basic understanding of it is assumed here allowing for a graphical representation in appendix 6 to this thesis. Decision-making in the Community centres on the four governing institutions, the Commission, Council of Ministers, European Parliament, and European Court of Justice (ECJ), and primary elements (and associated dynamics) have been well characterised in a welter of studies (see for example, Wallace et al., 1983, Juliet Lodge, 1989 & 1993, and Richardson, 1996). With particular respect to commercial policy formulation, a representation of the Community decision-making system, as in all individual policy areas, adds complexity to the basic model. A multi-levelled structure evidencing some flexibility and variety (dependent on decision-type) is centred on the major governing institutions but encompasses a supplementary cast of institutions and an important set of intra-institutional and (further) inter-institutional processes.

Layers of internal negotiations within the Commission, between the Commission and the 113 committee, and with the member states and Council (Murphy, 1990b:118) form the central loop at the heart of a complex policy system and, amongst the supplementary cast of major institutions, we count the advisory committees of the European Union, national member-bureaucracies, and the several business and interest organisations holding a stake in trade policy outcomes. Amongst this cast and a "Byzantine" division of powers dominated by the Commission (see Howell, Gwynn & Gadbaw, 1992), the Community institutions function not as passive components of a socio-political environment (norms, rules, frameworks etc.) but as active components with institutional interests, agendas and "autonomous action capacities". Indeed, the governing institutions play not only an active role in the identification, formulation and promotion of ideas and interests but potential leadership roles as well. Much is

made in later chapters of the leadership often associated with the Commission's deliberations over trade and trade-related issues and we may recall here Schneider et al.'s observation (1994:475) that:

"The autonomous action capacities of EU institutions can be exemplified in several ways. The now famous achievement of the Single Market, which grew out of the revision of the Treaty of Rome through the Single Act, is rightly acknowledged to the Commission's credit...[and] since the beginning of the 1980s, the Commission has been increasingly successful at getting its initiatives adopted by the Council."

The core of the EC trade policy system introduced above then, centralises the Commission itself and in trade, the Commission is far and away the most important Community institution. Yet whilst the Commission's powers are extensive in this realm (see below) and though an ability to exercise effective policy leadership is demonstrable, as an executive institution it is still only semi-autonomous from member state interests, and is subject to the effective political control of national authorities via the European Council and the Article 113 Committee (constituted by representatives of national and Community bureaucracies). Centrally, the key article 113 of the Rome Treaty empowers the Commission to make "recommendations" on overall trade policy to the Council of Ministers, but in its turn, it is the latter institution that issues mandates, directives and final decisions at the political level with Treaty provision for qualified majority voting generally neglected in favour of a consensus approach to policy-making [17]. The Council of Community Foreign Ministers, meeting under the General Affairs Council was, for instance, the organ to place final seal on EU endorsement of the forty agreements of the Uruguay Round accord.

To turn in greater detail then to each of the major Community institutions within this system, we may usefully start with the fact that despite this "control", **the Commission** of the European Communities enjoys considerable power in its powers of initiative in commercial affairs, in its technical and legal expertise in commercial matters, and in its formal role as negotiating agent in international fora such as the GATT. The Commission also enjoys an independent capacity to initiate

anti-dumping and countervailing investigations against injurious dumped or illegal imports and to impose provisional duties without Council approval. Such "hard powers" in this domain are matched by the Commission's "soft power" in an evident ability to structure situations- so that countries develop preferences or define their interests in ways consistent with the Commission- and in the extent to which it can broaden its own competences, mobilize new resources and/or supporting networks, and set the agenda of debate [18]. One may note for example, the present role of the Commission in shaping a post-Uruguay Round agenda incorporative of active multilateral discussions on social issues, multilateral competition rules, and effective application of environmental protection criteria in international production and exchange [19].

Such authority and power in the commercial realm is valuably contextualised by wider account of the Commission's power-base within the wider structure of the European Union which, according to Lindberg (1970), is founded on a number of identifiable resources. The resource of attributed prestige and legitimacy is highly significant (the Commission is the only actor which can claim to represent the interests of all the member states), and a second resource of the Commission power-base is related to its ranging powers, including: rights of initiative, the right to participate in decision-making, general supervisory powers, and a targeted executive function as with administration of the CAP and aspects of commercial and competition policy. Lindberg (1970) completes his account of key resources with a stress on the resource of information and technical expertise, and from the vantage point of the 1990s, one may highlight here both the extent and quality of these resources and the related links that now exist with business, industry, lobbyists and a welter of research organisations and epistemic communities. The dialogue between the Commission and its "social partners" at least, is largely unstructured and ad hoc- a point to which analysis will later return-, but represents a vital channel of information as well as of a communication of interests and of policy pressures. These links frequently enable the Commission to mobilize fairly

coherent networks around policy/issue areas where prior arrangements are less formalised or relatively loose.

Responsibility for external trade policy resides primarily with DG-I (External Economic Relations) and to a lesser extent with DG-XXI (Customs Union and Indirect Taxation) and DG-IV (competition). From early 1994 DG-I was practically subdivided into external economic and external political affairs (DG1A) and since January 1995 the DG's organisational basis has been a "geographic" one. This brings the political and economic aspects of external policy formulation under the overall responsibility of the Commission President and four Commissioners (each with a set geographical concentration), but still leaves the management of relations with the OECD, the WTO, and of the common commercial policy, under the responsibility of a single Commissioner, presently Sir Leon Brittan. It is notable however that other DGs have often had a significant influence on the content of trade policy, including DG-III (Internal Market and Industrial Affairs), DG-VI (Agriculture), and DG-XIII (Information Technology and Telecommunications) and that, in the choice terms of Anna Murphy (1990b: 120) "there is a certain degree of rivalry between the DGs involved...as each strives to retain maximum control over its own affairs." We will see in chapter six that whilst DG-I had the overall responsibility for the general frameworks of the Europe Agreements with reforming Central and Eastern European countries (CEECs) and for setting the parameters of trade liberalisation under these agreements, the content in specific areas, including the extent of sectoral trade concessions, was left in considerable part to the industry directorate (DG-III).

It is in effect impossible to view an organisation like the Commission as an entirely unitary bureaucracy and intra-organisational rivalries are often associated with a suspicion of DG-I's tendency (at least under recent Trade Commissioners Andriessen and Brittan) to promote trade liberalisation over short-term home producer interests, suggested to me in an interview with a senior DG-I official. Individual DGs have an incentive to capture potentially significant policy initiatives

and to shape them in a manner compatible with the assigned tasks of their organisations (Peters, 1996:065). The boundaries of policy questions are not always so clear as to predetermine "ownership" and many issues/matters logically fall so as to necessitate or activate the involvement of separate DGs. This inevitably creates examples of contest where DGs are felt to hold conflicting responsibilities or have conflicting priorities. One illustration here, developed in chapter five of this thesis, lies with the sometimes competing positions taken by DG-I and DG-VI over bilateral agri-trade negotiations with the United States. Officials from these separate directorates were frequently in conflict in the build-up to and aftermath of the Blair House accord, a modified version of which was to form the bedrock of eventual sectoral agreement within the GATT agreement [20]. This is by no means limited to trade related issues, as witness a quite transparent debate between the Commission's environment (DG-XI) and Industry (DG-III) directorates over the new Euro-energy tax proposals, but such process is a notable characteristic of repeated trade issues. Despite such however, with respect to international negotiations such as those under the auspices of the GATT, the Commission does prepare unified negotiating positions in a series of consultations between relevant Directorates-General and such co-ordination may be strengthened with special mechanisms, introduced as appropriate. Examples here include the Special Inter-Services group set up after the 1982 GATT Ministerial Conference and the Special Steering Group for the Uruguay Round (see section 3.2.iii).

Within the Commission bureaucracy too, Howell, Gwynn & Gadbow (1992:405) highlight that the welter of technical rules and directives being drafted, implemented or reviewed, "tends to defy comprehensive oversight"; with the effect that "new rules can be made at the working level and become a *fait accompli* before the political level is even aware of them." Within this, and tending to further encourage an intra- as well as inter-organisational account of EC policy-making, the scope for proposals tabled at the political level to have sprung from technical initiative at relatively low rank within the Commission hierarchy is quite considerable [21]. This is counter-balanced however by the widely held view that

the hierarchical structure of the Commission, the limits on ministerial and private-sector input and intervention, and the political leeway of senior Commission officials, enables key Commissioners- such as Andriessen, Brittan, Bangemann and MacSharry in recent years- to have a strong personal influence over trade policy substance and diplomatic strategy.

Though the Commission generally enjoys a relatively wide latitude in trade therefore, it remains, as noted earlier, under the political control of the Council and therein of the member states. This is established both in the Council's decision-making authority in commercial affairs to which there is some exception with respect to import remedies, and in the systemry of "Consultative Committees" that subjects the Commission to scrutiny by and engagement with the views and interests of the member states and their representatives. Central here, the **Article 113 Committee** (representing the Council of Ministers in this field of policy issues) formally provides the Commission (representatives of which figure in the make-up of the Committee) with negotiating mandates for international negotiations whilst generally serving as a mechanism for member state approval of Commission proposals. The Committee is generally composed of national officials based in the member state's permanent representations to the EC.

In practice, the Commission frequently negotiates without any definitive or tightly-conceived mandate from this Committee and may at times risk the rebuke of member state authorities for going beyond mandate-terms as interpreted by other parties [22]. The process remains an essential aspect of policy systemry (the norm was for weekly meetings in the period of the Uruguay Round) satisfying the member states of their necessary voice in commercial matters. The member states have used the consultative committee channel in wider sense and it is the rule that other committees may be created in connection with delegations of authority to the Commission. Examples include committees established for the oversight of Commission implementation of the regulation concerning the common origin of goods and an advisory committee on dumping and subsidies.

As Howell, Gwynn & Gadbaw (1992:407) note, though it has sought to retain authority to review Commission actions through such channels, the effectiveness of **the Council** in this aim is fundamentally impeded by the extent to which the member states have delegated authority to the Commission in this domain, and the limited day-to-day influence of the Council of Ministers in commercial affairs is underscored by the absence of a special Trade Council as equivalent to those meeting under the various titles e.g., Agriculture, Finance (ECOFIN), and Employment & Social Affairs, elsewhere in the EC/EU structure. It is infact the General Affairs Council and within this the Council of Ministers for Foreign Affairs that usually considers, at the political level, issues relevant to external trade and international trade negotiation though its time is generally occupied by wider concerns. This leaves the stated 113 Committee as the primary communicational point between the member states and the Commission, though the Council has been kept informed of progress in first Uruguay Round negotiations and subsequently over the implementation of the Accord and the World Trade Organisation through intermittent reports from the Commission. Such links have been supported by those relating to the other considered consultative committees and, during the Uruguay Round at least, by the interaction of national and EC delegations at Geneva, especially ahead of significant international negotiating sessions.

It remains the responsibility of the Council however to discharge decisions of note in commercial matters including the conclusion of international treaties, accession agreements, and the imposition of definitive duties in safeguard actions. As a matter of course, not all Commission proposals actually reach Council, with the Council's **Committee of Permanent Representatives** (COREPER) co-ordinating the decision making process and able to agree a common position without need for Council discussion where issues and interests are clear and unanimous. But should a high-level political decision be required or should any issue prove sensitive or contentious, it is then normal for Commission proposals to attract decision via

Council vote. As afore mentioned, Council adopts a consensus approach in policy-making though Treaty stipulations are such that the Council may vote on trade issues by means of qualified majority. In determinations on dumping cases however, and following the imposition of provisional duties, the Council may now reach decision to impose definitive duties by simple majority.

By contrast with the Council and Commission, the European Parliament and the Economic and Social Committee play a much less central and less formalised role in much of the commercial policy process. **The European Parliament** has been generally recognised as having played an essentially "advisory role" in trade policy matters and this remains largely the case despite its advances under the Single European Act and the Treaty on European Union. Its effective powers with impingement upon commercial matters are clearly limited to ratification of Association Agreements and of international treaties entailing institutional reform as relevant to the activities of the EC institutions. This included, for example, the right to endorse the Uruguay Round Agreement with the entailed establishment of a new World Trade Organisation. In routine practice, its influence is limited to regular consultations with the 113 Committee and to interfaces with senior officials of the external relations directorate under its relevant parliamentary committee (the REX Committee). The Parliament is however consulted by the Council in its deliberations over Commission proposals in this area, and will routinely express its opinions in reports and resolutions.

The Parliament's role in commercial policy-making ultimately remains a fundamentally limited one and its present levels of contact with the Commission are a product of mutual agreement and comity rather than of formalised process. In the early 1990s, the formalisation of its role through constitutionally established links with the Commission was seen as a genuine prospect with the suggested support of the then External Relations Commissioner Frans Andriessen but the present balance of support for such a move in the Commission seems now to have shifted [23]. Similarly, the Parliament's **Economic and Social Committee** need not

formally be consulted by the Commission, and like the EP seeks to influence policy through the production of reports on commercial matters. The Committee's "Additional Opinion on the effects of the Uruguay Round Agreements" as adopted on September 15 1994, calls, for example, for the Commission to work within the new WTO to the aim of a new social clause "drawing' in particular, on the International Labour Organisation's conventions regarding the prohibition of forced labour, child labour, the right to collective bargaining and equal pay for equal work." (Bull. EU 9-1994: 66).

The remaining institution of the European Communities to play a significant role in the shaping and implementation of EC commercial policy is the **European Court of Justice**. Though its activities are more centrally focused on internal Community matters, the ECJ has an important role in its arbitration of judicial remedy procedures (these are available to EC importers of goods from third countries held under duty impositions or price undertakings) and in its wider rulings for example its rejection of national tariff quotas (under the GSP system) in favour of a progressively Community-wide system. Cases are frequently brought against the imposition of anti-dumping duties and classifications by outside traders [24] and the Community institutions and member states have, on occasion, taken recourse to the ECJ for rulings on internal disputes over violations of common rules and over issues of competency.

3.2.iii. Policy formulation and the negotiation of external trade arrangements

The above considerations provide us with a clear sense of the EC Treaty's establishment of institutional procedures to be followed in the negotiation of external trade arrangements. It is clear that the Commission, the executive arm of the Community, is charged with the responsibilities of drafting proposals for negotiations, securing a negotiating mandate, and then negotiating on behalf of the EC. To add further detail here, DG-I is responsible for all trade negotiations with the exception of DG-VI's frequent guidance of agricultural trade negotiations in

bilateral and multilateral contexts. Consistent with the outline of functions and responsibilities in the preceding section, there are a series of major steps recognisable in the negotiation of major external trade arrangements again reinforcing the institutional and procedural complexity of the trade policy-making process. The following is indebted to Murphy (1990b) and cites a deal of Murphy's commentary directly (1990b:118-121):

First, the EC Commission drafts proposals for negotiations and presents them to the Council. Proposals are drafted typically after consultation with the business community and following first phase dialogue with representing officials, departments of the member states. Internally, "the Commission prepares its negotiating positions in a series of consultations between the relevant departments or Directorates General" (see the identifications of section 3.2.ii).

Second, the Council approves a negotiating mandate, on the basis of Commission proposals, authorizing the Commission, or otherwise, to enter into negotiations. In doing so, it "may amend, reject or supplement the Commission's proposals".

Third, "the Commission, in consultation with a committee of representatives of the member states (the Article 113 Committee described in the preceding section), negotiates on behalf of the EC. It may request additional negotiating mandates from the Council"

In the fourth to sixth stages, the Commission initials trade agreement (step four), seeks Council approval (step five), this is secured by qualified majority, and finally signs a formal agreement normally along with the Council Presidency (step six).

Given this guiding framework, in practice there is of course considerable variance and flexibility in decision-making and negotiating processes given that external negotiations are of a variable character and kind (e.g. sectoral versus cross-sectoral; bilateral versus multilateral; mixed-competence issues versus full competence

issues). Principal here is variation in the procedures for negotiating and signing agreements. For example, where competences are mixed as with commercial services issues, certain codes (e.g. the GATS agreement) are signed and negotiated not only by the Commission and the Presidency of the Council, but also by the member states themselves.

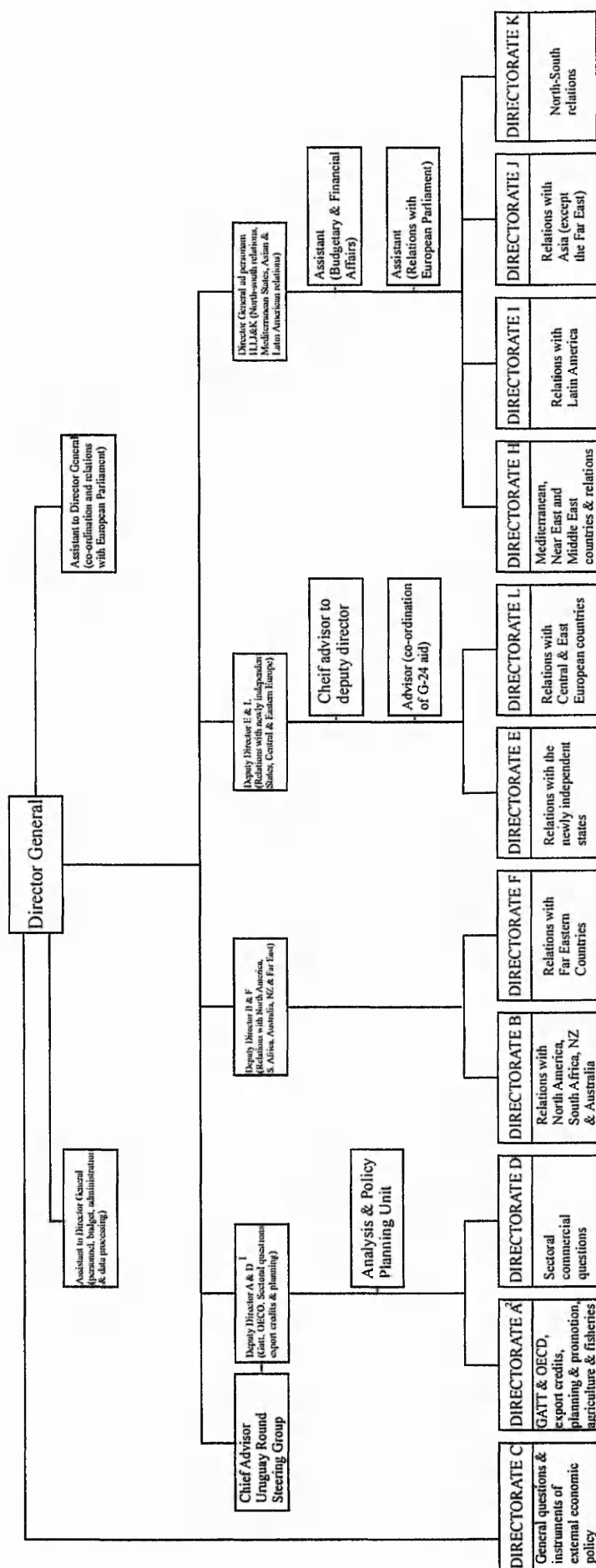
Relevant here too is the kind and form of institutional innovation often made by the Community for the conduct of particular negotiations and for the co-ordination of views both at option formulation and inter-institutional consultative stages. In particular, co-ordination within the Commission is quite flexible. With respect to the Uruguay Round negotiations (see chapters 4 & 5) two key co-ordinating mechanisms were set in motion- the inter-services working groups and the steering group for the Uruguay Round. As Murphy (1990b:119-20) explains:

"The Inter-Services group reports to an ad hoc group of Commissioners, usually consisting of those responsible for external trade issues, the internal market, agriculture, developing countries and the Commission President. This group (which meets at the level of director or head of division) is not exclusive and may include any other interested Commissioner. The Inter-Services group itself decides whether a proposal for the Uruguay Round negotiations should be submitted to the full college of Commissioners for their approval or be passed directly to the 113 Committee....In addition to the Inter-Services group, DG-I set up a Steering Group for the Uruguay Round which is exclusive to DG-I. This group comprises directors and heads of division. Its role is to give a thrust to policy-making and to provide overall direction."

Both of these formal mechanisms for policy co-ordination within the Commission are firmly anchored in DG-I. Their location is evident in the DG's "organigram" in Figure 3.4, which also highlights the individual Directorates, composed themselves of several specialist units.

Such institutional and procedural adjustment/innovation can also be seen with respect to the Community's management of its association policy towards the reforming countries of Central and Eastern Europe (see chapter six). The broad and ranging nature of the "Europe Agreements" of Association- these encompassed

Figure 3.4: Organigram, Directorate General I, 1993



1 - Now responsibility for directorates D, G & M. See note two for further information.

2 - This Directorate now operates under the title of Directorate G. Alongside Directorates D & G a new Directorate M now covers services and the external dimension of the Union and external relations in the research, science, nuclear energy and environment fields.

varying sectoral provisions and considerably more than trade-related provisions alone- meant that inside the Commission, the formulation of the Europe Agreements was a fairly flexible inter-departmental process (centralising DGs I, III and VI) and that whilst "standard" decision-making procedures for external agreements remained, policy formulation entailed complex and fairly ad hoc interactions between relevant Commission Directorates, Council bodies, national level Departments and industry representations. According to one DG-I official personally interviewed, the Community was "learning by doing" in this instance faced with constructing a form of association effectively without recent parallel. DG-I was the dominant department, establishing the basic framework and principles for separate agreements, but the frequent politicisation of issues of negotiation and the task of adding detail often along sectoral lines, led to complex systems of multi-levelled communication and mediation entailing different Community and national departments and constant references to EC foreign ministers and heads of state in the General Affairs and European Councils respectively. This reflection is supported by Sedelmeier's (1995:17) identification of an outline framework devised by DG-I and a task of specialised departments (e.g. within DG-III) "to fill in the specifics".

3.2.iv. Institutional terrains and the internal roots of policy

Within this complex of institutional responsibilities and interactions, which involves both intra-institutional and inter-institutional dynamics of some note and importance, there are to be recognised clear and coexisting characteristics underpinning and hallmarking the process of EC commercial policy formulation. These in turn give a clearer direction to the fashioning of an appropriate analytical framework, the outline of which becomes the function of the succeeding section 3.3.

National interests and the constant of bargaining

The unique operation here of course is that in the formulation of common policy, separate views at governmental level, often representing a network of divergent

forces, have to be reconciled as far as is possible within this multi-tiered and highly institutional decision-making process. As Presa (1993: 190) notes:

"What makes the Community process more complex than that of the ordinary unitary State is that twelve [now fifteen] views at governmental level have to be taken into account in addition to the normally opposing views of different sectors of industry and of consumers that might be affected as well as of different government agencies."

Presa's added emphasis here is on the consistency and inevitability of divided situations or views, noting further that in any given situation- such as a decision to apply a safeguard measure, or to put in place the threat of retaliation against a trade partner- there are likely to be opposing views, interests and hard-fought bargaining. This internal bargaining is a constant characteristic of European foreign economic policy that frequently involves issue-linkage. One may note the dependency of French and Portuguese agreement on the Uruguay Round Package of reforms on an overhaul of the EC import regime for state-trading countries, on a tightening of import-remedy defences and on cash "sweeteners" in the form of extra assistance to French agricultural producers and the Portuguese textiles sector (see chapters four and five for further discussion).

There have of course been abundant concrete examples of such compromise answers to the puzzles of national differences and conflicting "national interests" in the history of EC trade politics and policy. In a much vaunted case of recent years, we observe for example the torturous internal bargaining over the EC's banana regime (1992-94) and the EU's settlement of its row with Latin American countries over access to the \$2.7 billion European banana market. The task of reconciling the Anglo-French interest in preferential access for banana imports from "ex-colonial" African and Caribbean states with the publicly expressed German demand for improved "dollar banana" access, when coupled to demands to respect international trade obligations, proved to be almost beyond the "brokering" Commission. Final compromise could only be reached in March 1994, with increase of the then current 2m-tonne annual quota for Latin American bananas to

2.2m-tonnes in 1995 along with a 25% reduction in the tariff charge within the quota. This deal encompassed a protracted bargaining process incorporating the member states, the Commission, the European Parliament, banana trading economies, leading multinationals, and the ECJ, which became the focus of a German-backed legal challenge to the EU banana regime as introduced in July 1993.

This requisite of converging, in internal and mandate negotiations, a grouping of states which in this area have surrendered a large portion of their sovereignty and which conscientiously exploit channels of influence, review and oversight, is thus an integral and characterising aspect of the complex multi-levelled decision-making structure of EC trade policy. It is an integral feature which contributes to what many commentators have identified as an inertia and conservatism in EC trade policy (Preeg, 1970; Patterson, 1983; Wolf, 1989; & Ostry, 1990). With time often needed to bring along member states and to reconcile opposing interests, foot-dragging is frequently observed for example over the merits and focus of an eighth GATT round (see some discussion of this in chapter four), and mandates and negotiating positions are frequently left quite bland and general. As Wolf (1989:28) charges in a rumbustious attack on lowest-common-denominator EC protectionism:

"because of the nature of the European Community, it is only rarely that it can agree any far-reaching initiatives in global arrangements, where the running has been left almost entirely to the United States. Furthermore, once reached it is only with great difficulty that a Community position can be modified."

Certainly this line of argument and criticism can be seen to hold on the evidence of the early days of the Uruguay Round when the agenda was almost entirely dictated by Washington and with the threat internal EU disunity in 1993 made to the successful completion of the Uruguay Round at the end of that year. As one notable source was to comment on the morn of that agreement:

"After a period of drift and paralysis, Europe has managed to settle its internal differences and act coherently on the world stage...The stand-off within the EU- and the ensuing complications in negotiations with the US- risked a slide into 1930s style protectionism and the end of a common European trade policy." (Financial Times, 16/12/93: 06).

In terms of EC policy development therefore, by the very nature of its make-up as an oft-divided collective or organisation of national governments, and as a consequence of its multi-levelled decision-making process, it can be seen that much policy has a lowest-common-denominator quality to it and that "to a remarkable degree process determines substance." (Ostry, 1990: 312). National differences, the interaction of national preferences and the adjustment of state policies, underlies and compounds the complexity, ambiguity and constant compromise that is the very hallmark of the EC policy process. A deal of this adjustment and alignment is structured by the formal trade policy model or system outlined in this chapter but we include here the contribution of strict intergovernmental diplomacy, 'bilateral', 'trilateral' etc., and of inter-state interactions in wider form, at the technocratic and summit levels. Any such diplomacy however, recounting the powers of the Community institutions in this area and the role of the Commission in external negotiations, remains part of a process of bargaining firmly anchored and formally concluded at the Community level. To this extent, such bilateralism and trilateralism (H.Wallace, 1986) is a dimension of a largely institutionalised 'minilateral' policy-making process.

Ideological heterogeneity, policy ideas and recommendations

An underpinning aspect of this internal context to EC trade policy formation is an influential "ideological heterogeneity" representing cultural, ideological and value differences among and between actors and a process in which competing policy ideas are introduced and brought into conflict with one another. Consequently it is of considerable importance that we recognise, within this complex decision-making structure, evidential ideological cross-currents impactful upon policy formation and effective contests of ideas akin to Kingdon's 'policy soup' in which:

"many ideas are possible and float around...come into contact with one another, are revised and combined with one another and floated again.." (Kingdon, 1984:021).

Earlier surveys of the cognate literature in FEP and beyond has given some sense of this with "ideas" seen to be a part of various policy systems. but what is striking in the EC case is first the diverse qualities of economic philosophy or the "ideological mix" observable within and between the member states and the EC institutions, and second, the sheer variety of opinionated or idea-laden actors or "stakeholders" in the EU policy process. The trade policy process is witnessed as, and often represented as, a battleground for diverging value laden and intellectual impulses, and it also a process in which conflicting policy recommendations battle for support and translation into policy.

With reference to such conflict, the stress on ideological differences and on competing national views is perhaps the most commonplace. Howell, Gwynn & Gadbow (1992:395) for example, reproduce the popular assumption of a northern liberal tier of member states contending with a protectionist leaning southern rump, whilst interestingly placing stress upon the unique qualities of agricultural trade politics as a qualification to their "generalisations about country alignments" on trade and industrial policy matters. As they write before the 1995 enlargement of the Union:

"With respect to the trade and industrial policy issues...the original six core group and the outer six are split along a rough north-south axis. The affluent northern states (Germany, Denmark, Netherlands and sometimes Luxembourg) tend to advocate liberal trade policies and limits on government support for industry, whereas the Southern Member States (Italy and France) have advocated trade protection and limits on foreign investment, and have used large scale subsidies to promote key industries...Under Labour, Britain generally supported the interventionist group but has sided strongly with the liberals since the Conservative's ascendancy in 1979. The Southern group has been greatly strengthened by the accession of Spain, Portugal and Greece, all of whom tend to be protectionist in outlook."

The balance of ideas and values in the EU context has been variably depicted of course but the above generalisation represents a yardstick for popular journalistic interpretations of European trade politics and is not too distant from alternative academic framing of the EC ideological mix. Woolcock (1993a) for example, upholds the North-South, liberal-protectionist cleavage whilst emphasising German

agri-protectionism, whilst Murphy (1990b:124) identifies the British, Dutch and Germans as "most supportive of multilateral trade liberalisation" with the French, Greeks and Italians placed at the opposite end of the spectrum and remaining member states seen as oscillating between polar positions. Murphy does however add more serious qualification to the generalist categorisation of free traders and protectionists amongst the member states by highlighting not only German agri-protectionism in the form of consistent German opposition to heavy price restrictions on cereals, but also French support for the liberalisation of international trade in many services despite its protectionist bias elsewhere.

It is not the water-holding qualities of each of these formulations that is at issue here, though this thesis will in course identify a particular balance of ideas and values in the EU context, what is significant rather is the essential representation of a flow of competing ideas within the organisational structure of the European Union, of complex cross currents formed by contending liberal and interventionist /mercantilist forces and the participation of numerous policy actors. And though the stress above is on competing national views and impulses, we must not make the mistake of identifying the impact and role of ideas solely with the spectrum of government philosophies, ideas and beliefs at the member state level. Though this is central, the political role of ideas is more complex than this alone.

First, we learn from elements of organisations theory, supranational variants of neo-functionalist integration theory, and "institutionalist" analyses, that when addressing the government, groups, bureaucracy, and structures that make up international and regional organisations (the EU clearly falls into this bracket), we confront "an ideological heterogeneity" encompassing "organisational ideology", "ideas" and "ideological leadership" on the part of institutional leaders/elites, institutional structures and bureaucracies. This is a "truism" according to Haas (1964) even where direction and goal stability follows from homogeneity in economic and social structure. Classically, organisational leadership will seek to impose its own beliefs on a cacophony of values, albeit isolating aspirations

common to all groups in the framing of organisational objectives, whilst organisational bureaucracies themselves are just as associable with competing ideas, beliefs and interests as are other stakeholders in the organisational community, the member states included. Given the roles played by several of the Communities' institutions in the trade policy-making process the implications of this for a richer understanding of ideological and intellectual cross-currents are clear.

Second, at the level of ideas and ideology, policy-making in the European Union and in Community trade policy-making in particular, is not at distance from either organised economic interest groupings or other non-governmental actors and communities (e.g. epistemic communities). The ideas of outsiders (lobbyists and experts) are often projected into debate and very often underlie (via processes of reference and consultation) views manifest among institutional actors and representatives of the member states. Though the role of special interests is considered at greater length in a moment or two, the EC, like other state policy-makers, maintains a network of ties with outside agents such as economic interest groups and "experts" as a part and parcel of its constant review of policies and economic developments and its periodic confrontation of new and unfamiliar issues (i.e. TRIPS, TRIMS and biotechnology trade). One dimension of this is of course the Commission's ongoing relations with industrial groups previously considered in this chapter, but another aspect is both the Commission's and the member states' recourse to technical and legal expertise. A case in point here is the recent evolution of a vigorous EC policy directed towards multilateralised rules for copyright and patent protection and for traded services and towards regionalised services liberalisation. This policy push was subsequent to protracted dialogue with a community of experts including international trade economists and lawyers and involved significant movement on the part of the Commission and EC trade negotiators from the positions of early statements by assorted officials suggesting a large measure of Brussels scepticism about both the value of multilateralised

negotiations in these areas and the relevance and achievability of such liberalisation in regionalised processes.

The relevance of these points in the EC case is immediately apparent when we consider the case of the Single European Act and the "1992 Programme". Though there is debate over the causal weight of a wide range of factors contributing to the nature and balance of the SEA agreement (see, Pryce, 1987. Sandholtz & Zysman, 1989; Moravcsik, 1991; & Garrett & Weingast, 1993), a consensus has established around the central importance of neo-liberal thinking within the major EC capitals and key national administrations; the pressures for liberalisation exerted by the transnational business community; and the ideological leadership and political entrepreneurship of top Commission officials engaged in extensive communications with business associations, corporate actors, and various expert communities.

Again however, it is to be recognised that the introduction of ideas and values in to EC trade policy-making processes only follows the presence of "embedded" ideas in the Community structure and institutions as a consequence of the nature of the governing EC Treaties and the assignment of tasks and responsibilities. It is noteworthy here that these articles simultaneously reflect regional and global sets of Community interests and are a reflection of intersecting liberalist and interventionist impulses and principles. As Ginsberg (1990:63-67) notes, in Articles 113-116, 228 and 229, members of a common European trade policy established by those articles, enjoy the privileges of being part of an exclusive club rooted in the concept of an EC managed customs union, which ensures free internal trade between members but to the exclusion of outsiders. This is a "club" where "Community-Preference" is the watchword, and where trade discriminations and preferences suggest an hostility "...to the concept of a liberal global trade order defined by the GATT" (Ginsberg, 1990: 67). And yet the Rome Treaty equally embodies the needs of the global trade order and the profound EC interest (as a collective of exporting economies) in multilateralised international trading rules

and a multilateral strategy of world trade liberalisation. Article 110 for example, directs the member states:

"To contribute, in the common interest, to the harmonious development of world trade, the progressive abolition of restrictions on international trade and the lowering of customs barriers".

Articles 113 and 131 give the EC a chance to respond to global needs through tariff action and association accord respectively, thus enabling the EC to reach out to outsiders, former colonies and overseas territories with trade and aid benefits. While Article 228, as the legal basis of a Lome Convention and Mediterranean policy, underpins a convention and a set of bilateral agreements which serve to reduce import levies and provide financial, scientific, and development assistance to nearly all former colonies without the requirement of reciprocity.

This contradiction in the foundation of EC trade policy rooted in divergent embedded ideas of global conscience/need, on the one hand, and regionalism/regionalist interest, on the other, is thus recognisable as central to a paradoxical EC trade policy. Just as Goldstein's (1986; 1988 & 1989) account of differentiated liberal, fair and re-distributive "trade principles" embedded in the legal mosaic of the United States underlies an emphasis on the role of embedded ideas in US trade policy outcomes, so embedded ideas and their potential contradictions are an aspect in the EC case.

The internal struggles that characterise policy formation therefore are not simply of a bureaucratic, inter-governmental, or institutional quality but are equally of intellectual and ideological substance. Ideas with a demonstrably political role within the EU context are both transitional or variable in the form of "competitive" prevailing actor attitudes and assumptions, new policy ideas and expert-advice; and "embedded" in an underpinning, and at points contradictory set of Treaty articles and defining Community principles. In external trade and commercial affairs, we cannot avoid the reality of a veritable melting-pot of trade-related

attitudes, beliefs and values amongst a complex of provisions, structures and stakeholders.

Special interests, sectoral networks, and the political economy of EC trade policies

Trade-related issues and proposals, like policy with respect to the internal market, research & innovation, structural funding and the environment, are a focal point of private lobbying both in Brussels and within the member states themselves. Accordingly, the institutionalisation and articulation of producer interests has long been seen as a major feature of Community policy-making and "policy-networks", and is one given in depth consideration and illustration in a range of analyses (see, Farrands, 1983; Nedergaard, 1993; Butt Phillip 1985 & 1987; Mazey & Richardson, 1993) including the new "policy networks" literature on EC decision-making previously highlighted in chapter two. Select economic interests (be these national institutions or integrated Euro-Associations), where given access to the decision-making process, will influence policy debates and, potentially, contribute to the balance of final political outcomes. This has been seen in agricultural policy and in deliberations on agri-trading conditions (see chapter five), where Community-industry links are fairly well formalised (Nedergaard, 1988), and in policy-making in sensitive sectors such as textiles and steel. Here, vulnerable EC-based producers-possessing an incentive to lobby for protection- can be seen to have contributed to the conclusion of long-standing trade protections and safeguards (national import quotas and VERs etc.) right-up to the special provisions for "sensitive industries" in the recent EU-CEEC "Europe Agreements" (see chapter six) and the Customs Union Agreement with Turkey. Transnational economic interests, organised into structures such as the European Roundtable of European employers, were also widely acknowledged in the construction and promotion of the Internal Market Programme and were, some have argued, "indispensable" to the final passage of the SEA (Sandholtz & Zysman, 1989).

This involvement of industry and organised economic interests in the decision-making process thus appears to establish a further dimension to the political economy of EC trade policy formulation, to which the policy analyst should be attentive. Especially at the initial stages of policy formulation where policy options are forwarded and defined (this was defined as the 'meso-level' in chapter two), organised economic interests or corporate actors are part of actor networks, some more formalised and enduring than others, incorporating public and private institutions. However the variance in interest group pressure in the EC context, conditioned by the ad hoc nature to much communication, the existence or otherwise) of network co-operation and bargaining on particular issues/sectoral concerns, and by a number of factors encompassing: size, organisation and intelligence; necessitates a careful treatment. Although some European industries have developed powerful associations for affecting policy at the Community level (e.g. agriculture, steel, chemicals, pharmaceuticals, and textiles) and though given national lobby groups may be powerful domestic actors (e.g. national farmers unions in Germany and France especially), several industries are less structured and less focused in their lobbying efforts. Substantive industries, such as those located in the broad area of traded services for example, have enjoyed only a limited involvement in external trade negotiation processes, with "only the sectoral interests opposing liberalisation hav[ing] consistently followed the intricacies of trade diplomacy" (Woolcock, 1993a:295). Infact, this loose community of business interests, with a clear interest in open international trade in services and effective rights protection, has tended to focus on internal EC affairs in recent years, on such matters as the Internal Market Programme and regional banking/insurances liberalisation, and has largely failed to organise effectively as a counterbalance to protection-seeking industrial groups. Moreover, confederal industrial associations such as UNICE (the Union of Industrial and Employers Confederations of Europe) and broad organisations such as the European Roundtable, tend largely to engage in quiet diplomacy and to outline broad industrial interests, with only rare prescriptions for specific trade concessions in individual industrial sectors.

This continuing reality and the noted absence, generally speaking, of formal consultative mechanisms between the Commission and industry on trade issues can lead to an uneven Commission perception of European industrial concerns and landscapes (Murphy, 1990b; & Ostry, 1990) as well as to an inconsistency across economic-sectors in the power of business and industry to influence trade policy outcomes. It should also be remembered that the Community is under little pressure to satisfy industry demands unless it is significantly dependent on private actors (e.g. for information or for successful policy implementation) or unless such interests have come to enjoy political leverage with the Commission itself or by permeating national positions in internal policy bargaining (e.g. the French farmer's union and successive Paris governments). This remains the case despite the present registration of over 500 Euro-Associations of affiliated national- and sub-national level institutions and the activities of a welter of national and localised trade associations in the EU theatre [25].

The balance of these points is usefully captured by Butt-Phillip (1987:288) in his conclusions on pressure group power in the European Community:

"It would be a mistake to infer from the previous discussion that the Euro-groups are monolithic sinister and omnipotent organisations that shape the whole fabric of the European Community. In reality they are more often to be viewed as fragmented, ill-assorted, inadequately financed and staffed, and ineffective bodies. But where Euro-groups command the confidence of their members and are well led and well financed, they must now be counted as major actors in the Community's decision-making game."

For today's policy analyst therefore, the implication of this still valid observation, is that the role of organised economic interests in EC trade policy-making may be of considerable importance but is really less obvious than in the U.S. model of commercial policy formulation (the office of the United States Trade Representative has over 1000 private sector advisors !), and is one which can be seen to vary significantly with apparent sectoral differences. Thus, organised economic interest and the functioning of institutional trade associations is a notable force in the political economy of EC trade policy-making, but one which requires a careful

address respective of sectorally-variated influences and of issues of "access" and inter-institutional relations.

Relations between external and internal policies

Again, it is important to appreciate the complex interrelationship, in the EC model, of the vast array of policies that make up the Community's "policy portfolio". Trade policy, like others in this set cannot be seen as independent from other "external" policies (e.g. development policy) or from the range of internal Community sectoral (e.g. agriculture) and functional policies (e.g. competition). As O'Donnell (1994: 84) puts it:

"This confronts national governments and the EU with the difficult task of finding a coherent and non-contradictory combination of policies in each of these areas."

An illustration of this link between "internal" and "external" policy in the EC model is seen in the way the completion of the SEM has had basic implications for the EU's external trade regime. This can be seen for example in the adoption of EU-wide quantitative restrictions and the modification of origin rules with elimination of internal customs controls (see section 3.1 and chapter four with respect to textiles), as well as in the way in which the SEM automatically confers trading benefits on the EC's trading partners through, inter alia, the removal of internal trade barriers and frontier controls and the mutual recognition of standards. Similarly, the desire for economic cohesion at the Community level which finds expression in EC regional policy, the social action programmes, and in elements of industrial policy, affects the EC's approach to multilateral rules on policy instruments such as subsidies, where "...it supports a policy of controlling trade distorting effects of such measures but defends their use per se as legitimate policy instruments." (Woolcock, 1993a:294).

Not unrelatedly, intra-EU regimes in such areas as agriculture and services, can be

seen to profoundly influence Community external policies. As this thesis will come to demonstrate in its fifth chapter, the on-going CAP reform process influenced the EC's position in the Uruguay Round negotiations and, in particular, an underlying principle of Community agri-trade policies in the Uruguay Round was that concessions should not go beyond those attainable within the terms of envisaged intra-EU farming policy reform. Similarly, though not pursued at length in this project, Community policy towards the GATS negotiations was profoundly influenced by the Community's own approach to regional services liberalisation. Of course, as a general note, wherever an intra-EU regime is established, as with services, the EU has to decide whether this regime should be extended to third countries (O'Donnell, 1994: 85).

It is thus that intra-EU regimes and policy structures are a further and integral part of the "domestic structure" of the European Community/Union. The point that this structure must be broken-down, dis-aggregated and, above-all-else, examined, is thus reinforced. The following phase of analysis establishes the outline of a multivariate analytical framework with further reflection on this and the other co-existing characteristics of EC foreign economic policy-making identified in this section.

3.3. IDEAS, INSTITUTIONS & INTERESTS: AN INTEGRATIVE APPROACH TO THE STUDY OF EC COMMERCIAL POLICY-MAKING

Analysis in the preceding section of this chapter has highlighted a number of co-existing characteristics of EC foreign economic policy-making, with a central focus on the political economy of EC trade policy formulation. From the identification of an evidently unique and multi-levelled organisational framework marked by several layers of action, emergent policy networks, and complex institutional dynamics, analysis has highlighted the ongoing adjustment of national preferences in a constant and institutionalised process of bargaining; a competition of policy ideas and ideological impulses; the significant, if uneven, policy influence

of organised economic interests; and a complex interrelationship between internal and external Community policies. Many of the features observed are those treated centrally, and often separately, in those established studies of Community decision-making as reviewed in chapter two of this thesis and in prior models of FEP analysis where comparable factors (principally ideas, institutions and interests) have proved critical in alternative cases. As regards the particularities of EC decision-making, approaches such as the "governance structures" approach of Bulmer (1994) and the various referenced contributors to the literature on EU policy networks have perhaps gone some way to capturing their array and interconnections, but given the variety and inter-relatedness of these central factors in European trade policy formulation, the really significant point here must be that the understanding of EC international trade policies can only be achieved through an eclectic political economy approach capturing their overall contribution and inter-play. There is a vast range of actors, institutions, problems and ideas from which Community policy finally emerges, policy-making is often sectoral or issue-based, and we must learn to utilise concepts from a range of models in order to at least accurately describe the policy process "however uncomfortable that notion may be" (Richardson, 1996:20).

Though this runs "against the grain" in terms of the study of foreign economic policies where structural explanation has predominated (see chapter one), the particular case of EC trade policy formulation with its evidential domestic politics and policy roots, its complex and multi-levelled structures of institutionalised bargaining, and its distinguishable policy networks, certainly appears unexplainable in terms of a grand or unified theory. The inter-relatedness of these factors (organisational, political, economic and ideological) and the apparent variation and fluidity in EC trade policy-making which the succeeding empirical analyses will further substantiate, necessitates richer and multivariate theorisation in a more pluralist research programme. Crucially it cements the argument against the substitution of the investigation of actual processes and decisions with the

postulation of universal laws of action and the methodological parsimony of macro-level theorisation.

With respect to the adoption of a defined analytical approach to the study of the Community case, the relevance of an "institutionalist" analytical framework is particularly striking, with the EC providing the student of foreign economic policy with a multi-tiered, institutionalised and bureaucratic policy-system and a plethora of "intra-" and "inter-" institutional processes which may only be captured through such an analytical framework. By reconceptualising the state as a set of structures, rules and processes we crucially find, in a neo-institutional approach, a pathway to the political economy analysis of supranational policy-making and regulation, and it is abundantly clear that institutional structures and dynamics appear to play a fundamental role in the shaping of trade policy outcomes in the European context. In short, and ahead of more detailed empirical study, it is inconceivable that the trade policy analyst would not, as a central element at least, take full account of the multi-layered institutionalised nature of policy determination in its case and the policy role of the EC's principal institutions. With this established and with "process" or "decision-making procedures" themselves influencing the balancing of organised economic interests and their reconciliation with broader interests (national, institutional etc.), an institutionalist framework of policy analysis as characteristic of select frameworks of policy-analysis reviewed in chapters one and two, becomes the bedrock of succeeding analysis of EC trade policy formulation.

Any "institutionalist" conception of EC trade policy formulation must however incorporate the consequence of a wide array of policy actors, institutions and communities. The apparent technocracy and bureaucracy of EC decision-making should suggest the relevance of a disaggregation of individual institutions in appreciation of intra-institutional as well as inter-institutional dynamics. And, at a different level, if we are able to identify "common" trade policy objectives and management in the EC case, the processes of exchange, intermediation, reconciliation and compromise ahead of such policy-setting, directs us to

internal-bargaining processes between a mix of public **and** private actors. There is thus a compulsion to conceptualise inter-organisational processes in terms of the participation of various types of actors or "stakeholders" (Richardson, 1996) who may not only be representative of political, executive, or legislative authority, but who may equally be members of epistemic communities, conventional interest groups or national/international regulatory agencies. Within this, the cross-currents of values and policy ideas characterising the inter-organisational networks in question must not be lost or marginalised. If this were to happen then analysis would become blighted by many of the same limitations hallmarking macro-level and micro-level theories against which an open institutionalist approach is, naturally, an intellectual and methodological reaction.

The centrality given to organised interests in this institutionalist framework is enabled by a synthesis of ideas associated with the policy networks literatures in policy analysis (see chapter two). Whilst the basis of my analytical framework is rooted in an exercise of "institutional mapping" and "process tracing" (central features of an institutionalist methodology in this context), the notion of "institutions" is an inclusive one which cuts across the private-public distinction, and which leaves for example, various economic interest groupings (Comitextil, FNSEA and Eurofer as examples in later analysis) identified as "institutional actors" in policy formulation and policy setting processes. Moreover, whilst intergovernmental and inter- (EU) institutional bargaining is centralised in analysis of policy-setting, policy-making is conceived and addressed in such a way here as to focus our attention not only on this level but also on early processes of option formulation and agenda setting where, as suggested in the policy networks approach, the institutional mix is typically viewed as a network of public-private interaction and of formal and informal processes at and between different levels. The use of a more traditional policy networks/communities approach as an alternative starting point for political economy analysis of the EC (alternative to an institutionalist-led approach that is) is rejected on the broad basis that the importance of EU institutions and the complex nature of their political role is

secondary in these conceptual frameworks and is inadequately captured or explained (see Kassim, 1994). In such driven accounts of Community policy-making, the basic stress is upon the importance of non-state actors and on transnational processes of interest intermediation, whilst the central view here is that the extent to which the influence of such organised interests is realised is variable and dependent. Access to decision-making institutions and frameworks is powerfully conditioned by formal competences, procedures and the mechanisms through which policy is co-ordinated, and the bargaining power and influence of organised economic interests is conditioned not only by such process-related factors but also by their own institutional strength and authority (see the observations on the textiles lobby in chapter four) and on other resources such as expertise.

It might be remembered here that the traditional theorisation of the political economy of protection turns on a trade-off between organised economic interests, social actors, policy-executives and bureaucrats in competitive political systems, and that the "public choice" approach in FEP- the crystallisation of this analytical theme- has emerged as an ascendant analytical framework in a largely U.S. centred FEP. The integration of concepts and tools from the literature on policy networks, as opposed to from this model of public-private relations is a reflection of a number of things. Such frameworks are not only insufficiently sensitive to the EC's institutional complexity, the importance and leadership of EC institutions, and to the fluidity of EC processes, but their utility and validity is further undermined by the simple inappropriateness of the basic postulation of a "political market for protection" in which protectionist interest groups are seen to exert an asymmetrical weight and in which "system actors" are assumed to be rent-seeking utility maximizers driven by an interest in vote revenues and/or career-development. The EC political system could be argued as being "excessively asymmetrical" as a result of the establishment of numerous Euro-organisations representing producer interests (Nedergaard, 1993) and a "political market for protection" might be envisaged in some sense with an evident interaction between industry, voters and

political decision-makers. Ultimately however, what characterises the EC trade decision-making process is greatly removed from the image of the "public choice" model, for in the EC system, trade policy decision-making is characterised by the executive control of policy administration and by the existence of that executive in a position of liberty from many of the political pressures that drive decision making in ordinary nation-states. Indeed, as Howell, Gwynn & Gadbow (1992:405) explain it:

"..the Commission is largely immune to the pressures of electoral politics; its leadership is never voted out and replaced with new leaders with an entirely different agenda, as occurs in parliamentary democracies. Party politics are largely irrelevant."

An ability to capture the significant role played by ideas and values in the shaping of trade policy is also a basic requirement here. It is exactly in concentration on institutional roles and inter-organisational dynamics however that this is best achieved, for institutions are conceived here not simply as organisational forms or as interest driven actors but as being characterised by embedded norms and values, and as the context for the circulation and competition of new policy ideas and different policy recommendations. Again the notion of loose networks or "mixes" of state/EC and non-state actors involved in the formulation of policy options, is sufficiently broad to allow and account for the role of epistemic communities of experts, lawyers and issue-specialists in the processes of issue-definition and the transmission of values and ideas through organisational structures. What is impressed by review of the EC trade policy system here is the existence within that system both of ideological heterogeneity and of contending policy ideas (often introduced by experts and specialists), as well as the existence of "embedded" ideas. Again, the scope in an open-institutionalist analytical framework for an account of this reality is central to its final suitability and relative merit.

A preliminary conclusion here then is that amongst the identified alternative perspectives for explaining FEP and policy shifts, each of which provides a set of questions, hypotheses and expectations that guide a search for policy sources, the

adoption of an institutionalist-led political economy approach, incorporating elements from both rival perspectives in the study of FEP and compatible elements of a literature on EU policy-making, appears most appropriate to the analysis of EC trade policy formulation. In its conceptualisation of the state as an historically-conditioned set of structures, rules, processes and actors, and in its capacity to take on board the insights afforded under wide-ranging research programmes, the institutionalist framework for policy analysis opens up the possibility of investigating a policy-making model above the nation-state- but cutting across several layers of action and influence-, and lends itself to a case hallmarked by institutional complexity and by a dense network of policy inputs and pressures.

Concepts and hypotheses must however stand the rigours of testability if they are to build any theoretical validity for themselves and any specific knowledge claims. That "test" is provided here with analysis of EC trade policy development and management within two separate contexts each of which will illustrate the relevance and explanatory power of an institutionalist approach to EC trade policy analysis. Analysis commences with the Community's own movement towards the eighth round of international Gatt negotiations and with investigation of the Community's textile- and agricultural-trade policies and diplomacy throughout the course of these negotiations. Chapter four provides specific focus on the Community's management of textiles trade policy though analysis here is preceded by an introductory account of the Community's entry into the Uruguay Round and of Round objectives and aspirations. Analysis is rooted in an exercise of institutional mapping and process tracing consistent with neo-institutionalist policy analysis. Chapter five moves the focus to the perilous case of agriculture (the potential Round-buster), where again: inter- and intra-institutional conflict and bargaining; formalised processes and decision-making systems; the structuring effects of domestic regimes and regime change; conflicting policy demands (including those of private actors) amongst a loosely configured network of institutional actors; and moments of institutional leadership, are at the heart of understanding. Chapter six

moves the focus entirely to the regional level of Community trade strategy and on to the adjustment of EU-CEEC commercial relations. Despite the operation of a separate set of institutional processes and external negotiations, we again see an experience of inter-institutional bargaining, conflicting policy recommendations and inertial policy development (under exogenous and endogenous pressures of a remarkable character) as central to a recent policy history comprehensible only in terms of an institutionalist focus.

CHAPTER THREE NOTES

[1] It is to be noted that from the perspective of traditional integration theory, regional integration is seen as a potential challenge to the multilateral trading system. Free trade areas and customs unions are generally seen as inferior to multilateral free trade in that whilst a net reduction in tariff protection may follow, discriminatory effects against non-member states are unavoidable. This contrasts with the broad consequence of unilateral tariff reductions based on the most-favoured-nation clause.

[2] See *Commission of the EC v. Council of the EC* (1971), E.C.R. 264; & *Donderwolcke v. Procureur de la Republique* (1976), E.C.R. 1921.

[3] The November 1994 ruling followed a request by the Commission of the European Communities in April 1994, for the ECJ to rule on its competence in commercial matters in light of these new GATT codes. Though this ruling is likely to be of little practicable effect in the face of inevitable issue-linkages and the breadth of Community competence in wider commercial matters, the relevant Codes of the Uruguay Round Agreement were signed as engagements undertaken by the EC and the individual member states. At time of writing the Commission is continuing to study the precise legal effects of this court ruling summarised and considered in Bourgeois (1995).

[4] Ahead of the introduction of the Single European Market on January 1st 1993, certain member states (principally France, Spain, Italy and Ireland) have operated national import restrictions on imported items from "state-trading" economies (the Communist economies of the Cold War era) and, more generally, in sensitive areas of trade such as steel, motorcycles and automobiles, and textiles. Article 115 of the Rome Treaty has preserved the right for member-states to request the Community's authorisation to temporarily intervene at internal frontiers and to suspend certain products from standard Community treatment. Presa (1993:195), observes that Article 115 measures have been "suggestive of gaps in the common trade policy regime.." and that the centralisation of the quota system and progressive elimination of quantitative restrictions (as under the Association Agreements with former State-trading economies) is a further contribution to the achievement of uniformity in its trade regime. As noted in commentary, residual national restrictions should have been eliminated by January 1st 1993 but the progressive introduction of EU wide quotas in many areas and for most Chinese products (China still remains outside of the GATT) saw national restrictions effective until as late as 1995 in areas such as textiles and athletic footwear.

[5] Examples here include Commission action against livestock, beef and dairy exports from Eastern Europe and the former Soviet Union in 1993. In April 1993 the Commission banned cattle imports from Eastern Europe after infected cattle (probably from the Soviet Union) were discovered with improper licensing in Italy, and of subsequent quarantine stipulations on Polish baby-calf exports. See, *Financial Times*, Section III, 07/06/93: III.10.

[6] The System of Generalized Preferences (GSP) sees the EU unilaterally grant, without any formal agreement and without any involved reciprocity, a series of generalized duty reductions for imports originating from less developed economies (LDCs). The granting of these reductions follows on a year-on-year basis but within what have been previously effective ten-year periods. Though GSP concessions are as a rule extended to all LDCs the terms of the Lome Convention with 69 African, Caribbean and Pacific economies and exceptions for Taiwan and South Korea, mean that not all developing countries make use of the GSP. In 1994, the Commission extended to South Africa some of the advantages granted under the scheme of generalized tariff preferences. This action is widely seen as reward for political reform.

[7] It is noteworthy that the EC sought little reform of the GATT anti-dumping Code in the Uruguay Round other than to tighten rules for "copycat" actions and on "expiry" (the sunset clause). Here the EC achieved agreement on the need for fresh proof of dumping after five years of action, a requirement already imposed in the terms of its own anti-dumping law but with major consequence for the U.S. where duties run indefinitely in many cases. Uruguay Round terms on minimum dumping margins (if effective margins are less than two percent there is no ground for action) were also in keeping with existing Commission practice.

[8] Murphy (1990b: 48) raises this and other points in contending that anti-dumping procedures are an inadequate means of assessing unfair trading practices for all types of industry. The need for companies to sell an initial quantity of products below cost in order to establish a market presence and/or niche is highlighted here, as is the impact of currency appreciation in the exporting country.

[9] This is reflected for example in the 1988 case against Japanese and East Asian imports of photocopiers, similar strategic consideration was evident in the EC's pronouncement that:

"..unless antidumping measures are taken, the continuance of an independent industry even in its reduced form is likely to be in doubt." ('Official Journal of the European Communities', L 54, 24/02/87).

[10] Under the GATT code, dumping must be determined on the basis of conclusions drawn from fair comparisons of the export price and the domestic price in the exporting market. Despite this requirement, the EC determines a domestic sale price ("the reference price") not as a simple average of actual prices charged but with low-priced sales in the home market thrown out on the basis that they are unprofitable. Not only will the reference price be higher therefore than a simple average of sales prices in the exporter's home market, but EC methodology calculates the export price by chopping-off the excess over the reference price of all actual export prices. Consequently, the EC-calculated export price must be below the EC-calculated reference price and "dumping" will be found. Also, with respect to costs, the EC does not permit allowances to be made for the overheads or advertising expenses of a related sales company on the home market of the exporter with the effect that the Commission deducts such

expenses on the export side of its calculations but not in its calculation of the home-market reference price. Outside of such trickery in margin calculations and cost-considerations, it is notable too that the EC performs certain "tricks" with the refund of anti-dumping duties and has acknowledged "injury" (a requisite for anti-dumping action) without adequate or transparent verification of the cause-and-effect relationships at work. Here EC bureaucrats have considerable leeway in making dumping determinations with little investigation by or accountability to the ECJ and, on the refund issue, whilst the EC largely respects GATT instruction that duties are corrective and refundable, it has long been the case that its procedures are so torturously slow as to cause not simply uncertainty for those making claims but actual financial loss.

[11] These concern restrictions on imports into Spain of live bovine animals, swine and meat of swine, rabbit meat, and coal; limits on deliveries of potatoes to the Canary Islands; quantitative restrictions on lignite maintained by Austria; and Community quotas on preserved sardines and tuna.

[12] For example, the new photocopier origin rule of 1989 (Reg. No. 2071/89/EEC) was designed to address concerns that the Japanese company Ricoh was using its U.S. assembly plant to circumvent EC antidumping duties against Japanese photocopiers imposed by the EC in 1987. The EC refused to consider machines as American made models solely on the basis of the "last substantial process or operation" being handled by the American plants. Going beyond the terms of its 1968 regulation, the EC introduced the stipulation that the origin of the product was to be deemed in accordance with satisfaction of necessary percentage or type of locally produced componentry. Such cases expose the EC's tendency to use and to extend country of origin requirements in arbitrary fashion and against attempts to circumvent anti-dumping duties through the re-routing of imports.

[13] The EEA rules allow for full cumulation, treating the EEA as a single territory for origin purposes. This is also the case for the countries of CEFTA tied to the EU via bilateral Europe Agreements (see chapter six), with diagonal cumulation fully established.

[14] The EC Broadcasting Directive adopted in October 1989, establishes that "where practicable" the amount of European programming should reach a majority of total broadcasting time excluding time devoted to advertisements, news and sports coverage. This stipulation (effective from October 1991), though fiercely criticised by the US government and its entertainments industry, remains in place following the suspension of negotiations in this area ahead of the conclusion of Uruguay Round negotiations at Geneva in December 1993. It may be noted that this directive has been successfully invoked in 1994 by the Belgian high court, which stopped cable networks in Brussels from carrying the American TNT cartoon channel (see, the Economist, 09/04/94: 38).

[15] Further to the cited specialisations here, among the four large European economies, the UK is relatively specialised in extractive industries, chemicals, printing & publishing, spirits & tobacco; Germany in engineering, chemicals,

plastics & metals, industrial & transport equipment; France in food products, wines & spirits, glass products, rubber, and steel; and Italy in cement and clay products, clothing, textiles and footwear. Each country retains a presence in most industrial sectors but specialises in narrow product categories within each industry and with concentrations on high-value added segments and on categories where design, quality and delivery are key competitive advantages. Elsewhere in the EU, other patterns of trade specialisation include, The Netherlands in electrical machinery, refining and industrial chemicals; Belgium in iron and steel; Spain in leather goods; Ireland in food; and Sweden in wood products, paper and furniture.

[16] Interview with senior DG-I official, Brussels, November 1993.

[17] Article 113 provides for majority voting in the Council on Commission proposals relating to the Common Commercial Policy though unanimity is required in endorsement of external trade agreements. Equally, though the member states have proceeded in practice to apply the basic framework of qualified majority voting (QMV), the old gray head of "vital national interests" can still be raised at least ahead of any settlement on this note at the end of the 1996/97 Inter-Governmental Conference. The basis of it remains the Luxembourg Compromise of 1965 and the ruling that if some decision really contravenes a member state's vital national interests, majority voting could be suspended. It is notable that France threatened to invoke the Luxembourg Compromise over the agricultural (see chapter five) and proposed audio-visual portions of the Uruguay Round agreement and the Portuguese did so over the Round's textiles package (see chapter four). The then EU-12 moved to fashion a series of last-gasp compromises and concessions in order to avoid such invocations of perceived "rights" never constitutionally documented. Under the EU12 arrangements for QMV applying to the period of the Uruguay Round and Europe Agreements, votes were weighted according to the size of the member states, ranging from 2 for Luxembourg to 10 for the larger member states (Germany, France, the UK, and Italy). For their adoption, acts of the Council required at least 54 votes (out of the 76 available) in favour on a proposal from the Commission; or 54 votes in favour, cast by at least eight member states, in other cases. Thus for example, a minority of two large plus one small member state would have been sufficient to block any proposal. Since the 1995 enlargement, the number of Council votes has been increased to 87. The whole system of voting in the Council of Ministers is presently under review.

[18] This argument is raised by Vahl (1992) incorporating the notions of J.S. Nye Jr. (1990) on the changing nature of world power.

[19] In interview with me in Brussels, November 1993, an administrator in the Analysis and Policy Planning Unit of the external affairs directorate, insisted that DG-I had been actively pursuing the promotion of multilateralised environmental standards and competition rules with trading partners as the subject for future trade negotiation. In its 1994 Communication to the Council, Parliament and Advisory Committees, "An Industrial Competitiveness Policy for

the European Union" (COM(94) 319 final), the Commission affirmed such objectives as the basis of necessary future action.

[20] A related point here is the observation of a senior DG-I official that officials groomed in the culture of the external economic relation directorate often face a painful adjustment to operation in the agriculture directorate (DG-VI). Interview in Brussels, November 1993.

[21] This point was emphasised to me in interview with a senior DG-I official, Directorate G, in Brussels, November 1993. At this time, this directorate managed commercial questions with respect to agriculture and fisheries, export credit policy & export promotion.

[22] French authorities rebuked the Commission for exceeding the terms of its negotiating mandate in reaching this accord. Subsequently, and without success, the French challenged the compatibility of the agreement with internal CAP reform. See the substance of chapter five.

[23] Interview with a member of the Parliament's External Economic Relations (EER) committee. Brussels, November 1993.

[24] An example of this form of ECJ involvement in commercial matters relates to the case of Matsushita Electric Industrial Co. Ltd. (MEI) vs. European Council and the ECJ's ruling in Case C-104-90. Following normal procedures in anti-dumping investigations, EC Commission regulation 2140/98 imposed a provisional anti-dumping duty on certain compact-disc players exported by MEI and originating from Japan and South Korea. MEI contested the Council's subsequent fixing of definitive duties at a rate of 26.3% (Reg. No. 102/90/EC) and launched an appeals procedure culminating in ECJ ruling on 13.10.93. MEI had claimed that the normal value of its products had been calculated on the basis of sales prices charged by associated distribution companies (and not on the price paid to it by these companies), but the ECJ determined that MEI and the distribution companies were in fact constituent of a single economic unit, dismissing MEI's application for annulment of Regulation 102/90.

[25] As Murphy (1990b:129) emphasises not all trade associations and lobbyists are protectionist minded and many industries- particularly the Foreign Trade Association- support more open trade and multilateralised trading disciplines. Like other political models however there is asymmetry here with those who see themselves gaining from protection possessing more incentive to pay for the organisation of interests.

INTRODUCTION

The coming phase of analysis connects principally to one of the detailed negotiating groups of the international Uruguay Round negotiations, textiles and clothing, and to other groups from this list (such as tariffs; safeguards; and intellectual property rights) where developments were crucial to textiles policy-making and impacted directly on the progress and tone of NG-4 (textiles & clothing) negotiations. It does this in specific address of the development of Community trade policy with respect to textiles and clothing (or apparel) in recent years. This is an area where the EU member states have "common" policy in fullest form and where the recent evolution of that policy has been driven by EU participation in Uruguay Round proceedings in this area and in parallel Geneva-based negotiations over the Multi-Fibre Arrangement or MFA. As an explanatory note, the world's textile products can lay claim to being "the most, and the longest, protected of industrial products" (Farrands, 1983:295). In a modern sense, and during the lifespan of the GATT, they have figured as a special case (alongside agriculture), with a history of special arrangements and derogations from central Gatt provisions. As with the agricultural sector, the textiles sector has regularly featured in past GATT negotiating rounds, but always with disappointing results. Therefore, as Croome (1996:106) expresses it in his detailed history of the GATT negotiations,, the Uruguay Round was "the first serious attempt to turn back the protectionist tide that had been running for more than a generation".

Throughout this chapter the development of Community textiles-trade policy is charted with reference to externally and internally generated policy pressures and though the analysis provides a detailed overview of the textiles negotiations of the period and of the substance of Community textiles-trade policy in recent years, the primary objective here remains the examination of the inputs and sources of EC trade policies (textiles-trade policy in this instance). The critical purpose is that of

demonstrating the profound consequence for political outcomes of a nexus of varied policy influences, and from within this, of revealing the major and central weight of governance structures (political institutional structures, decision-making procedures, organisational processes etc.) and of the institutional structuration and mediation of ideas and interests in European textiles trade policy-making. I present an analytical framework based upon an institutionalist mode of investigation (centred on exercises of institutional mapping and decision-process tracing"), and as in the succeeding chapter on agricultural-trade policy and regulation, the endeavour is to provide empirical demonstration of the analytical relevance and utility of institutionalist-led political economy analysis in address of the question of what motivates and influences actor behaviour in international trade policy-making. As in the following chapter too, the notion of "governance structures" taken here is an inclusive one encompassing not only national and supranational political structures and decision- or rule-making structures but also "network structures" of political dialogue, state-societal discourse and bargaining. A broader notion of "domestic structures" makes occasional appearance extending the centralisation of domestic governance structures to domestic market or "policy structures", in which changes often imply modifications in EC external trade measures and practices.

The attention to bilateral negotiations at points in this chapter, as opposed to the central focus on the Geneva-based multilateral negotiations on textiles and clothing is a necessary product of two facts. First, throughout the period of Uruguay Round and MFA-centred negotiations the Community was involved in the (re)negotiation of bilateral terms of trade, and these negotiations and EC policy-making on this front must be considered in any rounded address of Community textiles trade policy over the period in question. Second, market access negotiations under the Uruguay Round, including negotiations over textiles and apparel tariffs among other industrial goods, proceeded largely on a bilateral basis with the deals struck between so-called quad partners- the EU, Canada, Japan and the US-, and EU-US agreements in particular, laying a path for multilateralisation. Thus an appreciation of Community textiles trade policy-making over the period 1986-1994 necessarily involves an extension of focus

from the textiles and other negotiation groups of the Uruguay Round to wider dealings over the MFA and to bilateral processes and terms of trade.

4.1. TEXTILES AND CLOTHING NEGOTIATIONS UNDER THE URUGUAY ROUND: THE BACKGROUND

To understand the Uruguay Round negotiations on textiles and clothing, and related policy-making, a brief description of both the overarching aims and structures of the Uruguay Round of trade negotiations (and of Community perspectives) and of prevailing sector-market structures is an undoubtable necessity. To this aim, though what follows is necessarily an oversimplified "snapshot" of both the histories of the Uruguay Round and of the MFA, the following points are to be regarded.

4.1.i. The MFA and trade in textiles and clothing

International trade in textiles and clothing is affected, like other sectors, by import duties, panoplies of non-tariff barriers and by assorted GATT rules designed to protect domestic markets against unfair competition. The sector has however been historically associated with particularly high tariff barriers (they have regularly been made an exception in GATT tariff-cutting rounds) and, as aforementioned, has largely operated under a set of special arrangements which has transgressed the basic norms and rules of the GATT. Under this Arrangement Regarding International Trade in Textiles (known generally as the MultiFibre Arrangement or MFA), trade in this area has been subject to a complex set of import quotas and other bilateral restraints and restrictions. The MFA itself was first negotiated in 1973 as a successor to the Short-Term and Long-Term Arrangements Regarding International Trade in Cotton Textiles which established a derogation from GATT rules for trade in cotton textiles and clothing in the 1960s. It became effective in 1974 as a "temporary" four-year arrangement for increasingly pressurised textile and apparel producers/importers in the developed economies but has been regularly renewed since its initiation. During its controversial history it has covered most textiles and clothing products building upon the initial

coverage of cotton textiles under the international arrangements of the 1960s.

At its inception, and through the early seventies, the MFA was seen both as a framework for the control of import growth from low cost Third World producers and as a mechanism to bring order and discipline to textiles and apparel trade at a time of burgeoning ad hoc restrictions on trade. This trade itself (approx. \$120bn-a-year at the start of our period of analysis) is far from "monolithic", with the industry embracing "the production of yarn, cloth, and finished goods in wool, cotton and various synthetic fibres...traded at any stage of production." (Farrands, 1983:298).

The MFA has allowed importing countries to discriminate between suppliers and has run against the grain of "equal treatment" embodied in the GATT's most-favoured nation clause (the MFN principle). Its arrangements have also deviated from the basic GATT rule prohibiting quantitative restrictions (Article XXI) [01]. Within its arrangement there have been well over 100 categories of product in which quantitative restrictions have been permitted with highly sensitive products (from the importing countries perspective) subject to the tightest restrictions under special provisions for "group one" products [02]. It was renewed in 1978; 1982; 1986; & 1991; and under the recent Agreement on Textiles & Clothing under the Uruguay Round, was rolled-over to the end of 1995 and the onset of "transitional arrangements" commencing a progressive ten-year integration of textile products into the GATT (now WTO). Throughout its history the number of signatories have varied but has always included the main participants in world textiles trade and the present EU member economies.

In 1977, on the verge of MFA expiry, the Western economies led the way to an extension of the MFA (MFA-II), introducing in 1978 a set of tougher limits on quota growth, more product categories affected by restrictions, and new devices such as the basket extractor mechanism and the anti-surge clause, designed to ease the imposition of new quotas in the face of market disruptions in previously unrestricted markets. A second renewal of the MFA was to follow in 1982 within a context of widespread

speculation over the validity and longevity of the MFA in the face of rising discontent with the regime. The developing economies in particular, in the period surrounding the '82 renewal (establishing MFA-III), applied considerable pressure to have the MFA terminated pressuring for a statement in the 1982 GATT Ministerial Declaration to the effect of committing contracting parties "...to examine ways and means of, and to pursue measures aimed at, liberalizing trade in textiles and clothing, including the eventual application of the General Agreement." [03].

Though the MFA was not universally opposed amongst this broad grouping of economies (it did at least guarantee market shares), developing world exporters were largely disaffected with the continued restraint of trade it represented. Even in the industrialised economies (the US, Canada, the EC and the Nordic countries), though the MFA had theoretically provided a cushion for industrial adjustment and a form of market protection (these economies would negotiate bilateral deals largely within the overarching framework of the MFA, thereby restricting imports in particular categories from particular suppliers), the MFA had not been extended without critical appreciation. It was widely viewed that as a regime for textiles and clothing trade it was only partially successful in regulating a burgeoning and sophisticating international exchange. It was also evident that the period of the MFA agreements had come to be characterised by extensive abuse of the quota system; by a welter of super or "peak" tariffs (especially in India, the US and Canada); and by widespread illicit practices such as counterfeiting, dumping, transshipments, circumvention and false labelling of origin. Market and product diversion had become serious problems (e.g. restricted importers sourcing from unrestricted suppliers) and a whole industry had evolved around the buying and selling of quotas. Furthermore, the industrial adjustment process had not gathered the anticipated pace with industry cushioned from the full effects of world competition and adjusted to that protection.

Again in the mid-eighties (as in the immediate period after the '82 extension), the EC and wider OECD group were under intensive pressure to terminate the MFA from the group of developing economies represented since 1984 by the International Textiles

and Clothing Bureau (ITCB). The second renewal of 1982 was to terminate in July 1986, demanding the negotiation of an MFA-IV; and a head of steam had been built up in developing economies for the inclusion of trade in clothing and textiles in the basket of trades to figure as the subject of a new round of multilateral negotiations (to become the so-called Uruguay Round, 1986-1993). It is opportune at this point to turn to the history of these negotiations, and to their basic organisation.

4.1.ii. Background to the Uruguay Round and Community perspectives

The Uruguay Round represented the eighth round of multilateral trade negotiations (MTNs) in the Gatt era, and the most consequential since the Kennedy Round of 1964-67 and the Tokyo Round of 1973-79. Both of these rounds led to reductions of more than 30% in the tariffs between the industrialised countries (and lesser reductions for developing countries) but the Uruguay Round Agreements incorporated not only ground-breaking deals in such areas as textiles, agriculture, intellectual property, and services, but an average trade-weighted tariff reduction for non-agricultural products of 37%. Moreover, in the establishment of the World Trade Organisation (WTO) and in a number of further specific Agreements: *inter alia*, a new Agreement on implementation of Article VI (on anti-dumping), a new Agreement on Subsidies and Countervailing Measures, and an Agreement on Safeguards; the Uruguay Round led both to a major expansion of multilateral codes and to the final institutionalisation of a near fifty-year old GATT-based regime.

Both in respect of the enterprise of a new Gatt Round and the inclusion of textiles and clothing (concentration upon which is deferred for the moment), the European Community was initially guilty of adopting a minimalist position combining foot-dragging and uncertainty (Ostry, 1990). In contrast to the United States adoption in the early 1980s of a maximalist "leadership" position vis-a-vis new multilateral trade negotiations (see Wiener, 1995), the Community resisted the initiation of a fresh round of trade talks, as at the November 1982 Gatt Ministerial, and accepted the drawing up of a Gatt work programme only at insistence that this was not in itself a commitment

to any new negotiations or an obligation to negotiate on those issues referred to in the programme (e.g. services, high technology trade, dispute settlement, safeguards, and agricultural trade distortions). Though the Community was apprehensive about trends in United States trade policy and generally supported the multilateral system (Murphy, 1990a:49), the Community continued to face its eternal difficulties in establishing a clear policy line among its various government bureaucracies, legislators and interest groups, vital interests were quickly defended (e.g. several member states ruled out negotiations on certain sectoral issues of particular sensitivity), and inertia at the bureaucratic level was reinforced by the Commission's unfamiliarity with new issues such as services and intellectual property. It is also clear that at this early stage or "pre-stage" of the Uruguay Round negotiations, that there was a distinct "absence of an effective mechanism for private sector input" in the Community model (Ostry, 1990:313), a contrast to the United States experience, and a series of domestic economic concerns and pressures including rising regional unemployment and increasing trade deficits, militated against "adventures in multilateral trade liberalisation" (Woolcock, 1993a:298).

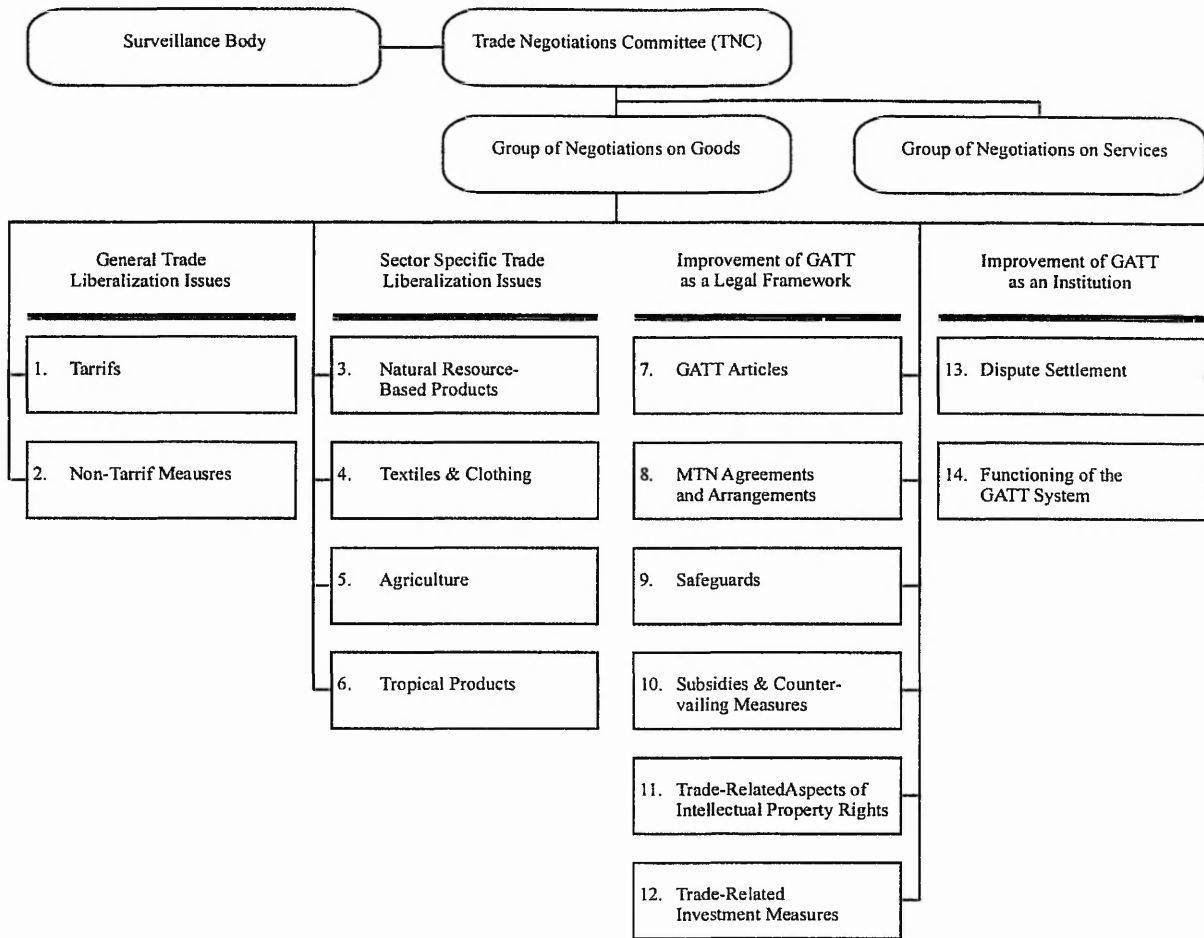
The establishment at the "failed" 1982 Gatt Ministerial of a "work programme" however and the degree of political commitment to new multilateral trade negotiations (MTNs) in Washington and in developing and middle-income countries, led inexorably towards the launching of a new Gatt round in Punta del Este, in September 1986. After the vote of the Gatt Contracting Parties in 1985 for commencement of a new round, the Uruguay Round opened with the agreed basic aims of expanding and liberalising world trade, strengthening the role of the Gatt, increasing the responsiveness of the Gatt to the changing international environment, and the strengthening of the inter-relationships between trade and economic policies affecting growth and development (see the Punta del Este Declaration). Following the establishment of a preparatory committee in November 1985, the Commission's external relations directorate, which manages external trade negotiations under the Community structure (see chapter three), began to garner support for the principle of a balanced liberalisation package, for a framework agreement covering commercial

services (with the support of the United Kingdom), and for a broad negotiating mandate. Before long, the Commission had moved from a series of delaying tactics to active support for elements of the unfolding multilateral agenda and a stress upon the interactivity of the multilateral process with the Community's unfolding Internal Market Programme. Political agreement on the IMP had been reached the year before the commencement of Uruguay Round talks and Woolcock (1993a:300) observes that:

" It engendered a more dynamic and positive climate in the EC, compared to the pessimistic and thus defensive climate of the early 1980s. The prospect of realizing a single market strengthening the EC's economic prospects and thus replacing Eurosclerosis with a more positive outlook which enhanced the prospects for multilateral liberalisation."

During the same intervening period, internal institutional modifications were made with the establishment of the Uruguay Round Steering Group, exclusive to DG-I, and the further definition of the function and constitution of the inter-services group for external economic relations. This had been established following the 1982 Gatt Ministerial Meeting and was highlighted in the institutional review of chapter three. The Commission's formal mandate for the Round was drawn from its 'Overall Approach' to the Uruguay Round (European Commission, 1986) as adopted by the Council in June 1986. In objectifying the strengthening of the Gatt, the extension of Gatt codes, and the further liberalisation of trade in goods and services "on the basis of reciprocity and mutual advantage", the mandate revealed much of the Community's caution and uncertainty about the Round as well as its internal divisions. It stressed the need to be "fully aware of what a trade negotiation can and cannot achieve", emphasised the external constraints of monetary instability and debt on trade negotiations (a perennial French concern), contended that the Gatt had to be "relevant to managing international trade", and spoke explicitly of both the maintenance of a "balance of rights and obligations under the Gatt" and the requisite of an "overall package". In specific areas, the 'Overall Approach' statement also revealed negotiating objectives in the diverse set of areas to be covered by the Round's numerous negotiating groups (see figure 4.1): dispute settlement, standards and procurement codes, tariffs, services, trade-related intellectual property (TRIPs), trade-

Figure 4.1: The Uruguay Round of Multilateral Trade Negotiations Organizational Chart



related investment measures (TRIMs), safeguards, agriculture, tropical products, and *textiles & clothing*.

Whilst objectives with respect to textiles & clothing - the mandate refers only to the objective of a gradual liberalisation of textiles & clothing trade and an application of Gatt rules and principles to the sector - are now to be fully covered, the reader is directed to Murphy (1990a & 1990b), Wiener (1995), Croome (1996) and to Hufbauer & Schott (1985b) both for a fuller account of the history and organisational basis of the Uruguay Round and for a review of objectives associated with the European Community and other Contracting Parties. At this juncture, and with a basic understanding of the backgrounds of the MFA regime and of the Uruguay Round negotiations established, we now commence an analysis of the change and development of Community textiles trade policy from the point of the mid-1980s. Though analysis to date has given some insight into the "political economy of European trade policy-making", it is the succeeding analysis of this and succeeding chapters that takes as a central task, the investigation, conceptualisation and understanding of this "political economy".

4.1.iii. Change and development in Community textiles trade policy: The third MFA renewal and the launching of the GATT negotiations

In early 1986 the EC Commission was taking a cautiously liberal stand on renewal of the MFA, its series of bilateral trade agreements, and the prospect of new MTNs. Formulating Community policy at this time was extremely slow and episodic with the GATT textiles committee failing to come fully to grips with the direction of a third MFA renewal in its December '85 Council, the member states divided both over the form and permanence of MFA-extension and the prospect of a future round of MTNs. EC officials were reported as taking MFA extension very much for granted and as wanting an MFA-IV agreement whilst seeking to reconcile the divergent views of the member economies in the securing of a mandate for bilateral and multilateral negotiations.

In the months ahead of Punta del Este, the Community's concentration fell upon the issue of MFA renewal and upon its immediate tasks vis-a-vis bilateral relations. On the former point, M. Jean-Pierre Leng, Chief Textiles Negotiator for the EC, had made it clear at the July '85 GATT Textiles Committee that the Community's political position regarding the future textiles trade regime- in general terms- was that it wanted a new MFA or "something like it" ('Textile Asia' Sep. '85: 19). This observation was soon to be followed by Commissioner Cockfield's declaration of a "universal view" that renewal of the MFA was "essential". This more committal remark was made during Cockfield's speech to the December '85 session of the European Parliament in Strasbourg ('Textile Horizons' Feb.'86: 06). With respect to bilateral negotiations, the Commission placed a considerable emphasis at this time on the successful negotiation or re-negotiation of its then 26 bilateral agreements which actually regulated the flow of imports into the Community. As an explanatory note, the general terms of treatment and of the textiles trade regime are contained within the actual MFA and its protocols (extensions take this form), the detailed terms of trade, say between the EC and India, are conditioned by the provisions of negotiated bilateral agreements. As Blokker & Deelstra (1994:100) explain, these have classically involved elements contravening the MFA (e.g. restraints on products of which there were no exports) and the generalisation of safeguard practices permitted in the MFA only in exceptional circumstances (e.g. growth or flexibility rates lower than those prescribed in the MFA Annex B.).

In extension here, within the renewal of the overarching MFA and its bilateral deals, the Commission had objectified the goal of "positive differentiation" among exporting countries and sought, specifically, to categorise the so-called "dominant suppliers"- Hong Kong, Korea, Taiwan & Macao- separate from a broad and second grouping of "exporters" and from a third and final grouping of lesser developed "exporters" such as Bangladesh. In line with this policy of differentiation it would modify its bilateral agreements with Uruguay, Korea, Bangladesh etc., setting specific quotas, thresholds, annual quota growth rates etc. in deals compatible within an overarching, extended

MFA framework. The most favourable deals would be secured for the lesser developed exporters (a form of development policy). The welter of Community bilateral agreements, except for that with China (running to the end of 1988), were due to run only to the end of 1986 and the Commission was determined to renew its deals by December 1986 at latest under the due direction of the Council of Ministers.

Again, with respect to the broad terms of an MFA-IV, the Community executive (the Commission) was seeking a commitment from all MFA countries to give an undertaking to open up their markets to exports according to the level of their economic development and looked to an MFA-IV to provide improved protection for trade marks, models, styles etc. The Commission also proposed greater flexibility in transfers between member states including some automaticity in the transfer of unutilized quotas in the fashioning of new bilateral trade deals. Real progress in many of these areas, certainly market access and counterfeiting, was something elements of the Commission (centrally the DG-I officialdom) saw as best pursued through a multilateral bargaining process but the Commission publicly continued to hedge its bets on this until well into 1986. This would entail significant future liberalisation, something the instinctively liberal and internationalist external-relations directorate could support, but senior DG-I officials were conscious of the tough lines being taken on textiles in Paris, Lisbon, and Washington.

The Commission's position on the MFA and on bilateral textiles and clothing negotiations was first communicated to the member capitals in a set of draft proposals in November 1985. It was seen as "liberal" to the extent that it proposed the elimination of a certain number of underutilised quotas; a reduction in the number of categories; higher quota growth rates for the least developed exporters (an average of 6%) compared to average 1% growth rates for the "dominant suppliers"; an effective doubling of the so-called "thresholds"- the points at which the EC can demand consultations with a view to introducing QRs-; and, as noted, the automatic transfer of part of an unutilized quota from one member state to another. It remained however firmly committed to the MFA (at least for a further period), sought to maintain its

categorisation of a number of "sensitive" products and a relationship between quota growth rates and product sensitivity. Equally, the Commission wanted to retain the basket extractor mechanism (allowing for the speedy introduction of new quotas after consultation); and made no reference in its draft proposals on textiles and clothing policy to the termination of the MFA or to Article 115 of the Rome Treaty, under which a member country could then invoke trade diversion to refuse entry to imports in free circulation elsewhere in the Community.

At the point of the Commission's dispatch of its draft proposals, the Danes, British, Dutch and Germans favoured liberalisation of imports and supported the Commission's emphasis on differentiation between three broad groups of suppliers to the extent that it implied more generous terms of trade with developing economies and tackled the inexorable rise in ASEAN-sourced imports. These member states were also aligned with a Commission view that quotas for Associate and "preferential" partners in the Southern Mediterranean should be eventually scrapped altogether. The French however were thought likely to oppose any moves in this direction, and as being able to count on the support of new entrants (Spain and Portugal) and of Commitextil, the Euro association representing national sectoral associations and the EC industry. The European Parliament, as evident at the February '86 session in Strasbourg, was giving its full backing to the Commission's plans to negotiate an MFA-IV, its emphasis falling on the continuing need for breathing space for industry restructuring ('Textile Horizons' April'86: 06). Its effective influence on policy-making was however extremely limited ahead of the decision-making reforms of the Single European Act.

The Commission was making clear however that it would not liberalise textiles and clothing imports on its own and that it would water-down its proposals if not backed by the US which appeared to be moving for a more restrictive MFA-IV agreement and towards more restrictive unilateral trade legislation. It remained attached to the objective of progressive liberalisation of trade and "an adequate multilateral framework", all "on the basis of an improved balance of rights and obligations among

participants", as declared at the GATT Textiles Committee meeting in Geneva on Dec. 4th 1985 ('Textile Asia', Jan. '86: 15). At the same committee, M.Leng declared that the "MFA had facilitated restructuring of the European textiles and clothing industry by allowing for an orderly development of trade", and highlighted that the EC industry had seen its employment reduced by 40% since the mid-seventies. At this Committee, whilst the Community joined The Developing Exporters of Textiles & Clothing Group in expressing concern and disappointment with the US Textiles & Apparel Trade Enforcement Act of 1985 (which President Reagan had not yet vetoed), it continued to fail to explicitly back calls for textiles trade to come under the purview of a now likely round of fresh MTNs, such as those voiced at the Committee by negotiators Mr.Joun (Korea) and Mr.Macloed (Hong Kong). It was publicly committed however to a new MFA, if not to its particular form or status.

A trade journal report at this time by a Brussels based commentator, remarked: "Not for the first time, the EEC governments are hopelessly divided over the the Multifibre Arrangement. The European Commission..sent the member countries in November its draft proposals for a common negotiation [but] despite intensive discussions between officials representing both the member states and the Commission, there is still no agreed position." ('Textile Asia' Mar.'86: 22-23). Indeed it is now clear that at this stage the member economies were divided not only over MFA-renewal and bilateral concessions but also over the prospect of textiles and clothing negotiations under a looming eighth GATT round. Holland, Denmark, the UK and Germany were probably identifiable, by early-mid 1986 at least, as favouring a last MFA agreement; a more liberal textiles import policy; and GATT based negotiations on textiles and clothing. With respect to European MFA-IV proposals and to the mandate for bilateral negotiations, these four member states were pushing the Commission for a more liberal package than that initially tabled, incorporating several changes such as: fewer textiles categories (though not involving the merger of unrestrained categories with those subject to restraints), and the elimination of any direct link between growth rates and Community consumption rates. In contrast the French, Italians, Spanish and Portugese baulked at any such proposals and argued for a broadening of "sensitive

categories" and for a clear commitment to retain an effective anti-surge clause (the Commission proposals spoke of its modification), on the grounds that with the US closing its doors to imports that the EC could expect a surge in imports ("Textile Asia", Mar.'86: 22-23). As for Comitextil, the Brussels-based federation of the Community's various textiles goods manufacturing associations, for these member countries the proposals were simply "too liberal". Greece and Portugal certainly rejected any notion that the MFA-IV extension should be the last.

It is here then we begin to seriously broach the dynamics and qualities of European Community textiles trade policy-making with an immediate suggestion of the importance of institutional structures and leadership, of decision-making processes, and of the conflict and reconciliation of competing "interests" among a broad network of institutional actors. In quick description here, interests are identifiable at the level of national authorities or government (as we will see compounded by a mixture of elements, economic, institutional and ideological), at the level of Community institutions, and at the level of industry. The following section 4.2 develops the issue of the analysis of Community textiles-trade policy-making and the movement into MFA-IV, new bilateral deals and the Uruguay Round during the remainder of 1986.

4.2. ANALYSING COMMUNITY TEXTILES-TRADE POLICY & THE URUGUAY ROUND OF MULTILATERAL NEGOTIATIONS

The agreement of EC ministers on March 12th, 1986 centred on final Commission proposal that an MFA-IV should last 4-5 years, that the number of quotas be reduced by around 25%, and that the ultimate aim should be that of "returning to an unrestricted market" though without specification that MFA-IV be the last. The modifications to its earlier proposals centred on the anti-surge clause, the Commission's attempts to make it a part of a general consultation clause frustrated (but only at this juncture) by a tough French line, and on the transfer of unutilised quotas by exporting countries from one country to another, where the Commission had proposed higher levels of automatic transfers. The agreement simultaneously

empowered the Commission to conclude an MFA-extension, new bilateral agreements with supplier countries, and to agree to the inclusion of textiles and clothing in future Geneva-based multilateral trade negotiations. Effectively an arrangement had been achieved in which the Council had mandated the Commission to give little immediately away to the fuller-satisfaction of protectionist-minded member-governments (as noted above, the original Commission proposals were somewhat watered-down), whilst raising the possible prospect, for the likes of the Dutch and the British, of future liberalisation via a multilateral process usefully addressing broad Community concerns such as foreign market access and trade mark protection.

It was viewed in Brussels that the French and the Italians had conceded significant ground in agreeing to this form of "linkage" and the principle therein of an eventual return trade to GATT rules. The Commission was satisfied both at the broad preservation of its proposals as the basis of a "common position" and with a clear if restrictive mandate to work towards a new MFA agreement, fresh bilateral deals, and to a balanced liberalisation of trade with a parallel strengthening of GATT rules.

A third renewal of the MFA, with a four-and-a-half-year time-scale, and the conclusion of new bilateral deals subsequently proved quite straightforward for the Commission and multilateral negotiations on trade and textiles began in September 1986 with the objective of "...formulating modalities that would permit the eventual integration of the sector into GATT on the basis of strengthened GATT rules and disciplines, thereby also contributing to the objective of the further liberalisation of trade." (BISD 33rd Supplement). The parties (the GATT signatories) declared at the commencement of negotiations a commitment to phase-out the MFA, though there was no indication of the time-scale of any phase-out nor of what would replace it.

4.2.i. Approaching Community textiles-trade policy

An understanding of EC policy-making and diplomacy on this front is best understood with reference to the periods surrounding the crucial moments in the

negotiating process following a preliminary re-cap of the Commission's initial negotiating mandate and of the Community outlook at the start of the negotiating road. It is interesting to note at the outset of this analysis that detailed study of Community textiles trade policy-making has previously identified an essentially inter-governmental bargaining process with national interests compounded by a mixture of economic and ideological elements, and a broadly "corporatist" model in which the structure and influence of interest groups has been stressed (Farrands, 1983). What emerges in this account of textiles trade policy-making in the context of the Uruguay round negotiations is the extent to which the Community and its institutions (notably the Commission) has exerted a firm control on textiles-trade policy, the Commission playing a "leadership" role grounded in its role of negotiating agent, powers of information and initiation, and influenced by interpretations and "ideas" at individual and group levels. The power of national interests is not relegated, there is a crucial and institutionalised process of reconciling divergent national interests identified here and one related to a particular pace of policy evolution and advancement, but the explanatory role attributed to the power of special interests or producer interests is diminished (relative to corporatist accounts of earlier policy history) in an essentially "institutional" story identifying producer groups and their representing institutions as a weakened force in a policy network increasingly led by an empowered European Commission. Industry Associations throughout this period, especially Comitextil, can be seen to have been significant institutional players in the policy-making process but only as a part of a fairly consistent "policy network" bringing together public and private institutions in a multi-levelled process of policy-shaping, policy-setting, external negotiation and policy implementation. It is this organisational network or "institutional mix" and its associated processes and dynamics that becomes the basis of an explanation of policy, with a central aspect of this "institutional story" being the Commission's progressive extension of further and firmer control over policy in this area, informed by sounder technical knowledge and a growing tendency towards the promotion of industrial adjustment and the idea of "open" trade. Though this introduces clear revisions to an earlier and respected explanatory framework (Farrands, 1983), it is worth noting Farrands reference to a Community "learning how

to manage (and lead) a sophisticated foreign economic policy", and to his views that the industrial influence on textiles policy in the EC though extremely powerful in the period covering MFAs-I, II & III, is not guaranteed to endure. As Farrands observes, it is possible for specific groups to lose part or all of their influence.

4.2.ii. Early mandates, policy development and influences

In the period between the Punta Del Este Declaration and the Uruguay Round Mid-Term Review (MTR), mainly preparatory work was undertaken for the negotiations on textiles and clothing. A first meeting in February 1987 decided to put together a study of world textiles trade and further meetings in 1987 and in 1988 (before the ministerial review in Montreal) were devoted to the study of basic facts and tentative discussion of the formula for negotiations. Substantive progress in this area came only after the Mid-Term Review ahead of which the negotiating parties had for a long time proved unable to draft an agreement on what the negotiations were really aiming to achieve. As Croome (1996: 224) details, it was the mid-term agreement which transformed the negotiations on textiles and clothing.

"The major ambiguities of the original mandate had been cleared up. The central goal was now to get rid of the MultiFibre Arrangement and of other GATT-inconsistent trade restrictions affecting the sector...[and] the task of the negotiators was to decide how this should be done and whether other issues had also to be dealt with in the group."

In this initial phase however (pre Montreal), the essence of a negotiating hand, if not a detailed set of EC proposals, was clear. This included: the acceptance of an eventual return to the GATT of trade in relevant products (though with an en route extension of the MFA); a demand for the strengthening of GATT rules and disciplines in areas such as subsidisation, safeguard measures (Article XIX), intellectual property, trade mark protection, and dispute settlement; and an insistence on improved reciprocity in market access. This latter objective, improved market access, was the major precondition on the part of the EC before it would agree to any possible phase-out of MFA quotas on textiles and clothing, the export-oriented EC industry seeing opportunities in being able to sell high quality, branded textiles and apparel in third

country markets. Italy (10% of world textiles and clothing exports), Germany (9%) and France (4.5%) were all amongst the world's top eight textiles & clothing exporters at this time, and the Italians and French had reluctantly come to accept the pill of a progressive return to GATT rules, encouraged by the prospect of improved market access and strengthened GATT rules.

Influencing Community policy through these early stages of negotiations, as throughout parallel efforts to secure bilateral agreements (1986-1987) were several principal forces or factors. These can be said to have included: the lobbying and agendas of industry associations and workers' unions, principally Comitextil [04]; substantive economic considerations and pressures relating to EC competitiveness, increasing import penetration and issues of trade regulation; external pressures such as "supplier" countries' pressurisation for the ending of MFA-style protectionism and moves to textiles trade protection in the US; and characterising internal impulses and conflicts. Foremost here were a number of beliefs and perceptions in and outside of the Commission- the Community's negotiating arm- and, crucially, a prevailing North-South discussion or "division" over textiles trade policy. These policy pressures and impulses can be seen to represent a complex nexus of externally and internally generated influences upon a policy-making community centred on Brussels but reaching out to Geneva where trade officials would conduct much of the hard negotiation.

With respect to an identified North-South cleavage, the underpinnings of this lay with divergent ideological positions on trade and with varied domestic industrial structures, economic pressures & market-related interests. On the latter set of points, German industry, for example, was far ahead of Portuguese industry in terms of its modern production plants, export-orientation, and its formidably efficient outward processing facilities. Outward processing, 'OP,' concerning the export of semi-finished products for completion and reimport. Similarly the Italian industry, combining heavy investment in technology with advanced design skills, contrasted with a French industry which had seen its textile production index fall from 100 to 82 between 1980

and 1986, relative to the rise in Italy from 100 to 104 ('Financial Times', 22/03/89, Survey II). Relatedly, several national industries, notably the Spanish and French had also become somewhat dependent on government paternalism in the form of industrial subsidisation and tight quantitative restrictions on imports demarking their national sectors somewhat from those elsewhere in the EC where such subsidisation was, by comparison, quite meagre (e.g. Denmark, Holland & Germany) and/or was being eroded by right-wing government thinking (e.g. the UK). Such cleavages and differences did not imply or contribute to a polarisation of industrial viewpoints (all national producer associations for example welcomed GATT derogations for textiles and clothing throughout the 1980s) but can be said to have led to differing degrees of pressure on national policy-makers throughout this period and the Community's difficulties in defining an external policy.

At the ideological level, the other asserted element to the identified "North-South discussion", German, Dutch, Danish and now conservative British trade policies were also instinctively "liberal", ranged against more mercantilist attitudes in France and the Southern member economies. Indeed, pulling the above points and the early Community mandate together, though the Commission's stamp was clear, it would be fair to say that the Community's first mandate for textiles and clothing negotiations was cautious and in many respects ambiguous and had clearly reflected "the differences in structure and competitiveness of the industry across the member states" and "the Mediterranean countries' favour of a restrictive import policy" in the context of a broader Community interest in market opportunities outside of the EC (Murphy, 1990b:103-104). This mandate was of course derived from Council's agreement on a modestly amended version of the afore mentioned Commission strategy paper (March 1986) and on the principles to feature in the Punta Del Este Ministerial Declaration.

The Commission for its part had taken its place in the Negotiating Group on Textiles (NG-4) with a sense among external parties that its textiles-trade policy was progressing towards a more liberal and flexible posture relative to both the then

present US stand on textiles and to the Community's own earlier posture in the 1977 and 1981 MFA negotiations. In illustration of this point, J.K.Bagchi, then India's chief negotiator on the GATT textiles committee was quoted as stating:

"The general position of the Community this time seems to be that on the whole it would like to proceed on the path of liberalization. It has brought in the concept of graduation and positive differentiation, with different types of provisions for different suppliers...coupled with the other requirement that developing countries also should try to open their markets jointly with the developed countries." ('Textile Asia', Sep.'86: 45).

Of influence here I argue, were a number of beliefs and perceptions evident among Commission negotiators and central Community officials. In official circles at least, there was a strong idea at this time that though textiles negotiations would necessarily produce a further liberalisation of the EC market, that this was 'quid pro quo' for improved market access in other areas of trade such as services. This was allied to a view in DG-1 that any such liberalisation could actually be achieved in such a fashion as to promote to the fullest European export opportunities, and to preserve the flexibility the Community required in the framing of its bilateral agreements and in movement towards a Harmonised System of Imports under the Internal Market Programme. Combining with such ideas too was a belief amongst Community textiles trade negotiators that negotiations were not between polar views and united camps (developing vs developed economies) but between pragmatic, nationally self-interested countries [05]. This suggested, in the view of the trade directorate, that progress towards freer trade and to a greater respect of GATT disciplines could actually be realised and without a simple capitulation of one "bloc" to another.

Finally, and of critical importance for the future development of Community policy, within the external relations directorate there was also a prevailing sense that the Community market and industry had reached a point where less protection was needed. Systems of protection required relaxation and modification in exchange for improved market access overseas and tightened GATT disciplines. This was a reflection of the sense of progress made within the industry towards restructuring and modernisation, of the growing emphasis on outward processing (OP), of the

advancements in structural and precompetitive R&D programmes, and in the recent political agreement on the completion of the internal market. It was a "belief" professed, for example, by the chief textile negotiator of the Commission himself, who commented in interview with the Editor-in-chief of "Textile Asia" in the summer of 1986, "...there has been some improvement in the situation of the textile and clothing industries in Europe..we are reaching a turning point. In the past two MFAs we had to increase somewhat the degree of protection, now we can see the moment where the system will be more and more relaxed,". ("Textile Asia", Jul.'86).

The consequence of these "internal factors" for EC textiles policy, and notably of a Commission policy leadership equipped with a mandate for the renegotiation of bilateral arrangements, can be seen too with reference to a set of identifiable external and "economic" pressures that might have been reasonably expected to pull Community textiles-trade policy in the opposite direction at this critical juncture. At the outset of the NG-4 negotiations and in the period surrounding the MFA and bilaterals negotiations, American textiles policy was shifting towards a more protectionist footing (the Jenkins Bill had not yet been buried and the US had played a tough hand in the MFA negotiations), and the economic pressures upon the industry were perhaps at their starkest underlying the pleas of organisations such as Comitextil and Gesamttextil for continued derogations from GATT rules, flank protection against imports and the pursuit of improved market access in the renegotiation of specific bilateral deals. Indeed the Community endorsed the Punta del Este statement, MFA-IV, and a new generation of "improved" bilateral deals against a rising volume of imports, declining exports, and decreasing industry employment (see appendix 7 for relevant data and the continuation of trends until 1993). During the first half-year 1986, its clothing imports had risen by 15% and textile imports by 11.5% whilst its exports of clothing and textiles fell by 4.3%. By the end of the year the volume of imports of textiles had increased by 11.8% over 1985 and the volume of garments by 21.1%. (source: Comitextil Situation Report for 1986).

Such macroeconomic and external pressures may thus have led, and not unsurprisingly, to an externally driven policy of caution and further trade restriction at this time had it not been for the Commission's and northern member states' weight behind a cautious, progressive and reciprocal liberalization programme. This "weight", was in turn attributable to the open trade ethos ascendant in these quarters, to clear export-interests, to foreign political pressures (the ITCB and ASEAN agendas in particular) and to pressures to reconcile the regulation of textiles trade (see the movement on the transfer of unutilised quotas and product categorisation) with the Community's domestic 1992 programme and related structures, such as the Harmonized System [06].

In this formative phase of Community textile politics, textiles employers organisations such as Comitextil (The Co-ordinating Committee for the European Textiles Industry) were clearly most influential. It was the European industry, led by Comitextil which first articulated the reciprocity argument quickly to be taken up by the Commission in the early phase of negotiations (Sri Ram Khanna, 1994) and in the period leading up to the renewal of the MFA and the launching of the Uruguay Round negotiations, Comitextil, other producer groups and the ITGLWF (the Brussels-based textiles workers federation) had campaigned for stronger anti-subsidy codes, developing-market-opening initiatives, the improved protection of trade marks, and action against other unfair trade practices abroad, all central themes enunciated by the EC in the early stages of these negotiations.

It was however immediately apparent that there was some distance between the outlook of the textile trade negotiators and "the industry" in many areas of policy and that whilst producer groups enjoyed a principal role in agenda-setting processes, they no longer held an ability (if indeed they ever did) to route Community policy firmly along the lines of their own mandates. We find ample evidence of Commission resistance to many of Comitextil's wishes vis-a-vis international terms of trade and MFA-renewal around this period and a counter-balancing of Comitextil's influence in the Commission's openness to the emphases of the internationally competitive and

retail sectors of the industry and to the Foreign Trade Association agenda of open trade and greater market access.

The Commission's rejection of the industry viewpoint that the Community should abandon plans to improve terms offered to several developing economies, was symptomatic of this reality and we find further evidence of the qualified influence of the industry lobbyists on Community external policy (of "eroding power" in historical perspective) in the rebuffing of early industry demands for MFA-renewal on no-less restrictive terms; for tougher flank protection; and for lower future quota growth rates than those agreed upon by Council in its March 1986 agreement. Moreover, in terms of the MFA-IV agreement, and to the clear dissatisfaction of industry associations, the Commission was content to secure fairly vague commitments to "co-operative efforts" in improving market access for EC goods and resisted industry demands to reverse its proposals in key areas such as the loosening of select import restrictions (i.e. on children's garments) and transfers of unutilised quotas. Indeed, the Community's executive, given its intolerance of certain industry demands, its appreciation of externally and internally generated liberalisation pressures, and the free-trade lobbying of the Free Trade Association (FTA) and of the European Bureau of Consumer Unions (BEUC), was quite prepared to carry its arguments directly to the industry. At the Commitextil AGM in May 1986 for example, Commission vice-president Karl-Heinz Narjes suggested that the Commission's support for the industry position on central issues was less than total, that a return to GATT rules would follow with mounting political pressure and, that the view, in certain industry quarters, that GATT derogations for textiles and clothing would indefinitely endure was "illusory" and "myopic" ("Textile Asia", Jul.'86: 18). Subhan was to note too, that whilst the Commission stressed in this context a future of improved market access, the value of progress to a free internal market, and the success of structural and precompetitive R&D programmes, the Commitextil President, in his address, rejected much of this view and revealed industry's tendency to see its future in terms of the pressure of imports and an assisting Community export policy.

4.2.iii. Policy roots and development

The lack of immediate progress in NG-4 (negotiations didn't get under way until the summer of 1987) was a reflection of several factors including: broader impasses on agriculture and safeguards within the Uruguay Round; and the absence of a positive American contribution and its movements towards the restrictive Textile & Apparel Trade Act of 1987 ("Son of Jenkins") which proposed to limit any rise in US imports to 1% a year. This latter external concern appeared to place a break on the Community's moves towards proposals towards textiles trade liberalisation. It was fiercely attacked by the Commission's external relations Commissioner, Willy de Clerq, and was feared in Brussels for its inclusion of European exports and for its trade diversion effects at a time of rising imports.

Throughout 1987, it was of note however that the key Commissioners at this point- De Clerq (external relations) & Sutherland (competition)- and the chief textiles negotiator, Monsieur Leng, were not only "liberals" by reputation but were all consistent in professing the Community's wish, under appropriate conditions, to work towards the "integration" of textiles & clothing trade. Around this period, all three men publicly stated their support for this principle and objective and professed an apparently common viewpoint that serious negotiations could follow multilateral undertakings on market access. Their mutual suggestions that a modernizing and restructuring European industry, could manage without the MFA after a further transitional period were given a "sharp edge" at this time with the Commission's efforts to move against industry subsidisation packages in Belgium and France, arguing that specific aids to the textile and clothing industries were no longer justified in principle. This action- on the request of the competition directorate but with the support of the industry and trade directorates (DGs III & I respectively)- was in tune with its 1985 decision against UK government plans to introduce "cloft aids" (clothing, footwear and textiles) and a signal of later pressures to come on the Italian government. Its moves, though opposed and challenged by the national governments in question, were upheld by the ECJ.

Equally, though textiles and clothing preferences for South Korea under the GSP were removed at the Commission's request, its renewal of its Generalized System of Preferences during this period remained in tune with its policy of improving trading terms for least developed suppliers over and above those for other suppliers under its scheme. Its trade concessions to India in the delayed bilateral agreement between Delhi and Brussels, and to Turkey (a duty-free textiles accord was formalised in early 1988), were also viewed as further indication of a more liberal stance with respect to textiles.

The growing Community emphasis on reciprocity in market access and parallel progress across negotiating groups was however a very clear reflection of the very serious limits to any apparent liberalism within the Commission and the Council (especially among the Southern member governments) and of the extent to which Community positions were still heavily influenced by industry's advocacy of a form of conditionality (MFA phase-out conditional on guaranteed market access, effective safeguards etc.). Again though, the power of the industry groups to influence EC textiles policy in this first-phase of the Uruguay Round negotiations (prior to the Dunkel Draft Dunkel Act) should not be over-stressed. Whilst Pakistani proposal for MFA phase-out over four stages and by 1990 were rejected as unbalanced and premature (the EC wanted "evidence of progress" on safeguards, dumping and IP before any serious moves to such an agreement on MFA phase-out); the EC's use of words here, "evidence of progress, and its welcoming of proposals as "a useful contribution", suggested that the Community textiles negotiators were prepared to weaken the line of Paris, Lisbon, and Comitextil that "agreement" on subsidies and safeguards etc. was a strict "pre-condition" to progress on textiles. The external relations directorate was clearly appreciable as being "less dogmatic" on this than several of the EC member governments and the industry associations ("Textile Asia, Apr.'88:014) and Comitextil's and the European Clothing Industry Association's joint "Memorandum on world trade in textiles and the Uruguay Round" in early 1988, was reported as having prompted mixed reactions in trade official circles in Brussels [07].

Significantly, the FT reported industries' "broad disappointment" with the balance of the Commission's strategy paper on textiles as tabled to the EC foreign ministers meeting in November 1988 ('Financial Times', 23/11/88: 03), and this was a disappointment quickly compounded by a seemingly generous bilateral deal struck with China at the end of 1988.

This November 1988 strategy paper (with a wide coverage straddling the Uruguay Round talks, industrial policy, & bilateral issues), itself followed EC tabling of a discussion document to the Uruguay Round negotiating group in May 1988, and delicately proposed a "progressive" reconciliation with GATT conditional on progress in other negotiating groups [08]. Its conclusions were, in effect, the first building block of formalised EC proposals in Geneva in the Summer of 1989 along with the position reached at the GATT's Trade Negotiating Committee on April 5-8 1989, the end-point of the Uruguay Round Mid-term Review much troubled by the bubbling EC-US conflict over agriculture.

The EC proposals of May 1989, following a resumption of negotiations after the mid-term review, were in fact a critical part of perhaps the first serious period of international negotiations throughout the second half of 1989. They were again painfully fashioned from member government disunity. The Commission managed to direct agreement along the lines of a firm linkage between integrating textiles into the GATT, on the one hand, and the strengthening of GATT disciplines and reciprocated market access, on the other. The proposals, the first of an importing Party, revealed further elements to Community policy on textiles & clothing "integration" and a number of lowest common denominators. We observe here, clear reference to a progressive process coinciding with entry into force of "transitional" arrangements introduced upon expiry of the MFA protocol in 1991; a position that the decision on time-tabling should follow later and ahead of anticipated Uruguay Round completion (December 1990); a call for the direct elimination of quotas; the phasing out of import restrictions other than those applied under the MFA; the idea of multilateral verification with some form of progress-monitoring board; and an insistence on

transitional selective safeguards, based on the experience of application of Articles 3 and 4 of the MFA but normally limited to short-time periods.

The emphasis on parallel strengthenings of GATT disciplines and on safeguards mechanisms in a period of MFA phase-out clearly bore the mark of hard-fashioned compromise and had been central to French and Portuguese agreement in the Council, along with clear reference to the "major importance of the textiles industry". ('Financial Times', 25/07/89: 06). In the shaping of these proposals, as with the Community line at Montreal, the Southern economies, Italy, Portugal, Spain, and to a lesser extent Greece, continued to speak of reciprocity, quid-pro-quo opening up of developing country markets for the liberalisation of the European market and the relinquishment of quota protections.

The internal divisions on textile trade policy at this time, contributing to such fudges and to the general caution of the EC proposals on textiles and clothing were also being influenced profoundly by developments in the internal structures of the Community, notably the movements towards a stricter enforcement of competition rules and towards the Single European Market. The former with direct consequence for French, Belgian and Italian industrial policies at least had stoked the flames between those Member governments and the Commission, whilst progress towards the Single Market raised a number of contradictory aims for individual member governments that added to the slow pace of common policy evolution and to the general uncertainties of textiles trade policy: Uncertainties which must have included the speed of MFA phase-out, the necessary level of progress on safeguards, IP etc., and the changes wrought in the regional market under internal market processes. For the Portuguese, Greeks and Spanish for example- taking 1992 and the GATT together- less restrictive import policies and EU-wide quotas appeared to be favourable to the extent that their low-cost production within the EC market promised the possibility of more exports to other Member States, with internal moves to the four freedoms also likely encouraging a relocation of industry from the more expensive north to the cheaper South. However, diminished national-level protections under a SEM (the inevitable

removal of the so-called regional quotas and thus no application of Art.115 of the EEC Treaty), coupled with lower common tariffs and eroding quantitative restrictions as a consequence of a GATT deal, would be unwelcome to the extent of a boost to imports from foreign "low-cost" producers. For larger member economies, the paradoxes of the moment were no less clear. The Single market and a GATT package would exacerbate the import threat from low cost Southern member economies and the "import threat" per se, prompting further industry rationalisation. Together though, they would further encourage home industry restructuring and efficiency and promote export sales at the higher-end of the textiles and clothing markets, at home and abroad, given improved market access and strengthened trade mark protections etc. as an outcome of any multilateral agreement [09].

Following the 1989 Community proposals, although the predominant view in the group clearly favoured a phase-out based on progressive actions and concessions, progress in the negotiations was slow with disagreements over timeframes, modalities (the United States favoured tariff or global quotas), transitional safeguards (a major point for exporters) and the place of non-MFA matters in group negotiations. Though the Commission's commitment to the end of "integration" was certainly not diminished by the presence at this stage of Briton Alex Sharp as chief EC textiles negotiator; Leon Brittan (a free-trader and UK Conservative) as Competition Commissioner; Martin Bangemann (a liberal and former Economics Minister) as Commissioner for the Internal Market; and Frans Andriessen (a Dutchman and former Agricultural Commissioner) as successor to de Clerq as External Relations Commissioner [10], the Community defended the major tenets of its proposals having reached the basis of a common position. Internally, this was now only really to be tested by the identification of an acceptable time-frame (were negotiations to proceed that far); by the satisfaction of parallel Round objectives (dumping provisions, Article XIX, IP etc.); and by late game-playing in the Council where national interests would continue to be articulated and defended right upto the initialling of any agreement (see section 4.3.ii).

Alternative proposals were of course tabled by successive countries including India, Bangladesh, the ASEAN countries, the United States and Canada, some of whom interpreted the Community's stress on the equal importance of strengthening GATT rules and disciplines affecting trade in textiles and clothing (its synchronicity thesis) and on the need for all countries to open their markets, as obstructive. Ahead of the Brussels Ministerial in December 1990 (the original deadline for agreement in all areas of trade), the Community had rejected ITCB proposals (the bureau representing most large quota holding countries such as Hong Kong, India and Pakistan) for a six-year phase-out period commencing with expiry of the MFA on July 31, 1991 (the Community accommodated industry demands for a 12-15 year time period) and had rebuffed underdeveloped American proposals for the conversion of existing MFA quotas into "global quotas", a significant barrier to fruitful discussions in the group.

At this juncture therefore the Community had adopted a liberalisation programme in principle but maintained its demands that developing countries cut tariffs generally, that an MFA phase-out period be of a reasonable length (at least double that proposed by the ITCB), that an economic package for integration be stage-based, and that stronger GATT rules and disciplines be enforced. On this latter point, it sought a dual arrangement under which Article XIX safeguards would endure (operable under defined valid circumstances for limited periods) and specific selective safeguards for textiles be enabled under the closest possible surveillance by the GATT during any transitional period. Therefore, though proposals tabled and negotiating mandates proposed by this stage had revealed DG-I's own faith in "integration" and its' and certain member governments' more liberal inclinations, the Community's position continued to be one rooted in a compromise between the different member governments and one revealing industry's influence, not least in the Community's stress on reciprocity and its position on the length of any transition period. As ever, policy and diplomacy in this area could not escape the influence of external pressures such as the Brussels-Washington grid-lock over agriculture and the threat of the eventually vetoed protectionist U.S. Textile, Apparel & Footwear Act.

Progress over 1990 and 1991 was naturally hard earned in such a context but was such that the parties came close to agreement on the fundamentals of a package involving a stage-based phase-out of the MFA at the Brussels Ministerial Meeting in December 1990 which had supposed to be the end-point of UR negotiations. Persisting difficulties over the transitional safeguard mechanism, the selection of products, the duration of the transitional period, the verification issue, and integration and growth rates, threatened to derail these talks however as the Ministerial Meeting itself collapsed over the issue of Agriculture (see chapter five). Success was not to follow in fact until the Draft Final Act a whole year later as negotiations after the Brussels Ministerial Meeting "took some time to get underway due to the failure of the Brussels Meeting itself and the simultaneous discussions about the prolongation of MFA-IV.." (Blokker & Deelstra, 1994:104).

This take-it-or-leave-it document, The Draft Final Act (hereafter the Dunkel Text), drafted by the GATT Secretary could not attract the formal agreement of the negotiating parties in December 1991 -a satisfactory outcome in areas like agriculture and services was still required for such agreement- but qualitatively and quantitatively captured the basis of a consensus on textiles that had been there a year earlier. This was rooted in a staged MFA-based approach common to the ITCB and EC positions since first proposals and was the basis of the agreement that could have been reached at the time of the Brussels Ministerial after ITCB rejection of the US global quota option. The extent to which the textiles section of this draft act was a genuine basis for agreement was to be later proven by the balance of the final Agreement on Textiles & Clothing (ATC) in Geneva, in December 1993.

With respect to textiles and clothing, the Dunkel Text, which actually followed a necessitated roll-over of the MFA in July 1991 (for seventeen months), revealed a hard-fashioned agreement around a transitional period of ten years in length. In this period, monitored by a new GATT Textiles Monitoring Body (TMB), signatories would have to progressively integrate into GATT products a range of imports, with firstly each importer integrating 4% of the total volume of its 1990 imports (before the beginning

of the transitional arrangements) and then 12% at the start of the "transition" on January 1st 1993, this applying to four principal categories tops & yarns, fabrics, made-up textile products and clothing. Subsequent to this, as a part of a "three-stage approach", it was agreed upon to progressively integrate all products by 2003 with by 1996 not less than 17% of the total volume of 1990 imports "integrated" and by the year 2000, not less than another 18%. Over the same period, quota growth rates were set at 16% (stage one, 1993-1995), at 25% (stage two, 1996-1999), and at 27% (stage three, 2000-2003), creating a two-pronged approach to trade liberalisation, supplementary to tariff-cutting processes, rooted in the "Gatting" of a progressively increased number of imports and the steady widening of enduring quotas to a "toothless" endpoint.

Under the text too, transitional safeguards (an insistence of the EC) were agreed upon on the basis that these be applied "as sparingly as possible" and only when the activator has proven a case of injury to the TMB. Sanctions would be strictly limited for a maximum three-month period. Though the agreement did not specify tariff reductions to be achieved, it did state that parties would promote improved market access over the transitional period through tariff reductions and bindings, and the agreement created powers for the TMB in the areas of patent and trademark rights and trans-shipment providing it with authority to regulate disputes in these areas and to make recommendations. The text only said however that the parties should "endeavour to accept in full" these recommendations.

Once again, in a crucial phase, the relevance of the institutional management and "payout" of the North-South discussion to Community policy-making was overwhelmingly clear. The positions of the Southern member states led by Portugal and Italy had initially approximated the US line including support for a longer transitional period (fifteen years); lower increases in growth rates and integration rates at the interim stages of the transitional period; larger product coverage, and a less restrained selective safeguard mechanism. In contrast, the northern member states were again inclining towards a relatively liberal stand among the developed countries (Blokker & Deestra, 1994:106), joining the Commission in a final preparedness to

accept a shorter time-frame for "phase-out", though not as short as that proposed by the ITCB (a maximum of 6.5 years) and accepting some significant controls on the use of selective safeguards. All Community parties continued the defense of selective safeguard provisions and demanded a transitional period of greater length than that proposed by the ITCB, but these internal differences were notable and took the Community to the wire in terms of its collective position and offer.

4.3. FROM THE DRAFT FINAL ACT TO THE AGREEMENT ON TEXTILES & CLOTHING: END-GAMES & THE POLITICS OF COMMUNITY POLICY-MAKING

Analysis thus far has identified a course to Community textiles trade policy over a period beginning with the negotiation of MFA-IV and ending with the Draft Final Act in December 1991. That policy has been attributed to a complex of externally-generated and internally-sourced policy pressures all of which have operated through a set of institutional structures dominated by a Commission geared towards the objective of re-integrating textiles and clothing trade into the GATT, that is under a progressive programme allied to the strengthening of GATT codes and the opening up of all international markets. Succeeding analysis addresses the end-games and trade-offs made and played out within the Community system and within Uruguay Round and "bilateral" negotiations over the period leading to the definitive agreements on textiles & clothing (Geneva, December 1993) and on market access as finally and formally secured at Marrakesh in April 1994.

Though the Draft Final Act, from the point of view of textiles and clothing at least, was to prove the bedrock of final agreement, analysis of this period reveals further understanding of Community textiles-trade policy-making, underscoring the existence of a complex, variegated set of policy sources and inputs and multi-levelled processes of bargaining and compromise in a highly institutionalised arena.

4.3.i "Holding on" and "tidying up": The defence of the Draft Final Act and the new bilateral agreements.

The draft agreement on textiles and clothing, from the Community perspective, was reported as one of the most positive elements of an overall draft Uruguay Round package. The Commission, though perceiving a danger in American attempts to unravel the deal (it was flatly rejected by the majority of US Congressman and by US manufacturers associations), did not believe that the developing nations could muster the unity to threaten a deal it unreservedly supported, a belief conditioning subsequent strategy towards the developing economies, and rebuffed immediate industry criticism of the Textiles Text. The agreement appeared as a triumph for the Commission. The economic package was not too far from that it had pushed at the earlier ill-fated Brussels Ministerial (as noted, the negotiators were almost within reach of an agreement at this point) and the Americans had moved substantially from their starting point. The Commission had again been prepared to abandon the industry mandate for slower integration and quota growth rates and for a fifteen year transitional period, and though this was largely to ELTAC's and Comitextil's keen and public annoyance, the Commission was determined to hold internal unity in the face of industry-located and "foreign" pressures to re-open textiles negotiations in Geneva.

What had been secured however was simply a draft agreement, leaving not only a possibility of later (re)negotiation on several "agreed points" as the various strands of the Uruguay Round possibly came together, but also the major task of market access negotiations. Meanwhile, in the absence of a definitive conclusion and a new multilateral textiles regime, the job in hand for textiles negotiators was one of maintaining existing order, with, from the Community's perspective, a need to reconfront the terms of its bilateral textiles deals due for renewal at the end of 1992 along with the MFA.

On this front, EC textiles trade policy can be seen to have been clearly influenced by the Commission's intent to give itself breathing space in the area of textiles (a Uruguay Round Agreement was still to be finalised and would not be under implementation until 1994 or early 1995 in a best case scenario) and, as ever, by its internal conflict. On

the one-hand the Commission saw a need for a renegotiation of bilateral arrangements and for an MFA-extension so as to ensure a framework for trade upto any transitional period. This needed to be one consistent with the SEM (effective from Jan. 1st 1993) and which left the basis of the MFA in place, with The Dunkel Text on Textiles based upon it. This would involve measured generosity in bilateral dealings (it could not afford to stir opposition in extending the MFA) and an emphasis on two-to-three year arrangements in terms of the bilateral agreements and their extension. On the other hand, it was brought into conflict with some EC countries, notably Spain and Portugal over the terms of extension to bilateral trade agreements, and was again left subject to criticism by Comitextil this time over its idea to extend these agreements for an effective three year total and in such a way as to further liberalise the Community market for lesser developed "suppliers". The annual general meeting of Comitextil in the summer of 1992 which had revealed the basis of an industry platform, included requests that the Commission roll-over bilateral agreements for twelve-month period only, and on the basis of actual imports into the EC in 1991. It requested that growth rates be tied to increases in domestic consumption and that the Commission implement an anti-concentration clause to guard against an eventual concentration of exports on certain markets as the single market took shape.

It was consistent therefore with the inevitable search for compromise that efforts were made at this stage by the Commission which, in consequence if not in principal intent, helped to dampen the fires of opposition to Commission plans for bilateral negotiations as well as to its stand over the Dunkel Text. By invoking basket-exit provisions under its various bilateral deals (France and others charged that the Commission was soft in this respect) and by devising a new industry re-development programme (RETEX) with a budget of ECU 500mn over the period mid 1992-'97, to be targetted principally on the Greek, Portugese and East German industries, the Commission was able to offer something up as evidence to a critical Comitextil, Parliamentary Textiles Inter-Group, and select member governments that it had not "gone too soft" on textiles. Such action was surely not enough to persuade a divided and politically and economically pressurised Council to fully back its line, but the final

Council agreement or mandate for bilateral negotiations reached in October 1992, was only a step away from the Commission's draft mandate. Agreement on a flat rollover of agreements for a minimum 24 and possible 36 months and a freeze on exports at existing levels for a widened set of "dominant suppliers" was less than fully consistent with Commission plans for generally higher quota growth rates, but it was clearly along lines acceptable to the Commission and some distance from industry's prescriptions. The Commission would also rely on its licensing procedures under a new import system to guard against concentration of exports, as it preferred to do, with no mandate to place formal anti-concentration clauses into agreements as suggested by Comitextil and certain member governments.

This again reveals central qualities of Community textiles-trade policy-making and a complex nexus of trade policy pressures appreciable best in an "inside-out" framework of analysis. Institutional leadership is clearly of major note, the Commission attempting, albeit with mixed success, to persuade the member states along a more liberal route than that widely acceptable (France, Portugal, Italy and Spain rejected the Commission's draft mandate at the earlier July Council meeting). But perhaps above all else, the inertial effects of process and the fashioning of compromise in a context of deep internal division stands out, with institutional manifestation of this conflict clear not only in the contours and difficulties of the Commission-Council dialogue (this can be seen to have produced a mandate under which some countries would be offered slightly higher quotas but dominant suppliers would see an effective freeze) but also in the contest between a policy-proposing Commission and a policy resisting Parliamentary Textiles Intergroup.

Such contest and leadership must further be viewed as inevitably influenced by external stimuli towards continued protections provided by continuous organised industry lobbying and severe economic pressures including not simply increasing sectoral import penetration but equally economic downturn in the EC and a fall in overall demand. The political pressures of arriving at offers acceptable to Community suppliers have also been remarked upon here. All in all, the internal (mandate) and

external negotiations over renewal of the bilateral agreements pending final Uruguay Round agreement were conducted in a context of internal division and inter-institutional bargaining and reasoning, and "against a background of strong political and industrial pressure on the EC's negotiating team." [11]. Again however, and putting these influences in some perspective, however far Council diluted Commission prescription with respect to the extension of bilateral agreements and the MFA, the outcome was that of further movement towards market liberalisation and the security of the draft Gatt textiles agreement in a climate of intense lobbying and severe economic pressure. Had industry preferences been simply translated into trade action, this would reasonably have led an otherwise motive-free Commission to follow Comitextil and ELTAC demands for a freeze on all industry quotas in rolled-over agreements and perhaps even to a revisitation of the Dunkel deal.

After this phase of concentration on the MFA, bilateral negotiations and the emerging single market in textiles, the Community still supposed (now in early 1993) that the Uruguay Round package, as far as textiles was concerned, would be based on agreement already in hand and that unresolved interests could be met under market access negotiations as well as in negotiations over intellectual property rights and general safeguards. Furthermore, as the then Commissioner for External Relations, Sir Leon Brittan had made clear (a reported liberal who had solidified this reputation as Competition Commissioner): the Dunkel Text could be properly interpreted as granting another ten years of protection and should lead to multilateral agreement following a suitable conclusion of access related issues in this and other sectors.

4.3.ii. Towards the finish: The WTO Agreement on Textiles & Clothing (ATC)

As suggested at several stages in this chapter the final agreement itself on textiles and clothing, reached in Geneva in December 1993, was quite tightly based on the Dunkel Text as drafted two years previous. An account of this agreement follows shortly. In arrival at this agreement however, the Community once again was forced to survive internal tremors set off by an internal competition of interests and a sophisticated

game-play of issue linkage by member economies such as France and Portugal. The Community also had to work its way through taxing market access negotiations, centrally with the United States, though the process of market access negotiations was properly concluded in the intervening period between the Geneva "agreement" and the Marrakesh "initialling" four months later (April 1994).

In the end-games of this period, success itself hung more on a "breakthrough" in the areas of agriculture and services than anything else, but the Commission of the EC (which had long defended the textiles element of the Draft Final Act) required both satisfactory agreement on market access and a final "sell" to reluctant member states (chiefly France and Portugal) before it could sign-up to a final textiles deal based on the provisions of the Dunkel text. That was, of course, in a context of "wider final agreement".

On market access, Community policy centred on a major reduction in textiles and apparel tariffs (especially of peak tariffs of over 15%) in keeping with its support of the liberalisation principle; on reciprocity; on a stage-based approach to tariff reduction; and on the binding of tariff offers. An especial breakthrough on the American market where U.S. peak tariffs were a principal annoyance, was also targetted. These tariffs, between 20-40% on many categories of goods, greatly frustrated sales of European branded apparel and high quality textiles to the vast, cash rich, U.S. domestic market. The Community also initially advanced a formula-based approach for market access agreement which would set levels of reduction across broad classes of goods but found life made more difficult here (and negotiating time made even lengthier) by the American's insistence on a line-by-line, "product-by-product" approach.

The balance of Community policy on the issue of textiles and apparel access was again a delicate one designed to satisfy diverse national and industry interests. In the first instance, as reiterated in the Commission's 1993 "Report on the Competitiveness of the European Textiles and Clothing Industry (European Commission, 1993a) market access was a major issue for the EC given the high level of trade flows in and out of the

single market, the demands of European upstream (yarn and fabric makers) and export-oriented clothing producers for better access to fast growing foreign markets, and continued rates of import penetration. In the second instance though, EU producers were faced with the loss of downstream markets, and Comitextil was counselling the Commission that steep reductions in common external tariffs could be catastrophic and, in any shape or form, would have to be fully reciprocated with all tariffs "bound".

The Community's offer of an average 30% reduction in textiles tariffs and its original stance on binding and reciprocity (it largely articulated industry arguments here), was thus significant enough to the liberal member economies and organised retail-industry lobby (large importers of foreign production) but by and large acceptable to the EU producer groups and more protectionist-minded member states (e.g. Portugal and Greece). Indeed, the original conditionality of the EC offer on substantive concession by Washington on peak tariffs, on agreement on a ten-year implementation timetable, and on the binding of all offers by all parties (including developing economies), allowed the Community negotiators to demonstrate stiff defence of the Community interest. Though the Community wavered on "reciprocity" as shortly considered, the basis of the final agreements on textiles & clothing (the ATC and access offers combined) is such that the Community can be said to have achieved these basic objectives along with those met through the effective translation of the Dunkel Textiles Text into the ATC.

The hard-line positions of France and Portugal over textiles in 1993 can be seen in fact to have limited the Community's room for manoeuvre and to have influenced its "bottom-line position". Under Lisbon's threat of a veto of any unsatisfactory textiles deal, the Community negotiators were encouraged to hold a hard-line with the Americans over market access, first rejecting an offer ahead of the "Quad-talks" of July 1993, of averaged cuts of about a third but with many exemptions (Financial Times, 24/06/93:001), and then moving the Americans on to an improved offer with a beefed up body of 40%+ tariff cuts and steeper peak-tariff reductions, encompassing areas of

principal Portuguese export interest. A perception in the US in June 1993 that the EC was prepared to back the elimination of textile tariffs in both the US and Europe and stomach a 50% cut in all apparel tariffs, as reported by Nancy Dunne in Washington for the Financial Times at this time, was probably never fully-grounded. This was arguably a clever EC attempt to divert blame for the impasse in the access negotiations to the US and to lengthen the "is possible" list of American negotiators. Equally, the Community, in the face of hard lobbying by European producer groups and respecting French, Spanish, Portuguese and Greek positions, could offer no more than to reduce its Common External Tariff by an average one-third, to 4% for man-made fibres and many yarns; to 8% for fabrics; and to 12% for finished products, including knitted garments.

Whilst the balance of policy however was such that the Community negotiating team trod a fine line, mindful of the internal threat to agreement, we again find ample evidence here of Commission leadership, including an apparent willingness to call the bluff of Lisbon and Paris and to bend in the wind over market access, if not with America with other economies. The Commission was ultimately prepared to effectively bind its offers on textiles (when the gavel fell on the Uruguay Round on December 15th any offers on the table were guaranteed as a base offer) in the absence of a sufficient response from key supplier countries like India and Pakistan and a definitive USA offer- much to the dismay of ELTAC and Comitextil. This reveals some movement away from the "reciprocity" that the Community was looking for before the deal was signed, and from the strict reciprocity of concessions that Comitextil had consistently insisted upon. Though the Commission stressed its ability to use its GSP scheme and the basket-extractor mechanism to ensure that its own concessions would be eventually balanced by those developing countries unable or unwilling to define their tariff reduction offers at this stage, the terms of the "reciprocity clause" in Article 7 of the final agreement were such that quota growth uplift was not left strictly conditional upon providing market access commitments to the satisfaction of the textile importing countries.

Before quick survey of this agreement, the Agreement on Textiles & Clothing (ATC), we also see that the Commission played out a carefully constructed hand, as far as France and Portugal were concerned, under the belief that final agreement could be sold, even allowing for consistent rejection in these quarters of the EC-US market access "deal" secured by Commission negotiators. The Commission's belief that agriculture and services were the real thorns in French feet and that Portugal, given financial compensation, would not invoke its "vital national interests", ultimately proved to be accurate. Portugal, whose government's posturing right upto the days before the Agreement on Textiles & Clothing (ATC) was influenced by municipal election pressures on the Social Democratic government of Mr Cavaco Silva and denounced by the German government, accepted the ATC and market access deal with the sweetener of a "beefed-up" modernisation-aid package combining EU structural fund allocations and EIB credits worth some \$ 1,026 billion on early estimates.

The Final Agreement on Textiles & Clothing itself, finally consisted of the following principal elements:

** The extension of MFA-IV, the final extension of the Multi-Fibre Arrangement, for a further period terminating at the end of December 1994.*

** A "stage-based", MFA-founded approach to the phase-out of quota restrictions and the integration of products, during a ten-year transitional period beginning from the WTO starting date in 1995 and expiring not earlier than 31 December 2004.*

** The overseeing of this process by a new Textiles Monitoring Board committed to a review of progress before each stage of integration.*

** Three successive stages of product integration, 1995-1997 (stage one); 1998-2001 (stage two); & 2002-2005 (stage three).*

** At the start of each stage, each contracting party will integrate into the GATT, products which accounted for not less than a set percentage of total import-volume in 1990, including items not previously covered by the MFA and/or quota. At the start of stage one (01 January 1995), not less than 16%; at the start of stage two (01 January 1998), not less than a further 17%; at the start of stage three (01 January 2002), not less than a further 18%.*

** For products remaining under quota, the existing annual growth rates will be increased each year by 16% in stage one; 35% in stage two and 27% in stage three.*

** The importing countries will themselves hold the responsibility of deciding which products will be reintegrated under the formula at the start of each phase though Article 2 (6) provides that products to be integrated at each stage shall encompass those from each of the following four groups: tops and yarns; fabrics; made-up textile products, and clothing. Products will be selected from an exhaustive list accompanying the textiles agreement and the importing countries have a free choice within each of the four listed groups, as to which products they first transfer to Gatt rules.*

** A selective safeguard clause has been agreed for products no longer under quota;*

** Tariff cuts (for the EU at an average 30% for textiles and 12% for clothing) will be applied incrementally over the transitional period at an effective rate of 1/10 per annum, and all tariffs will be "bound".*

** The establishment of greater inspectional powers for the new Textiles Monitoring Body relevant to problems associated with circumvention and transshipment.*

** No stand still clause negating the possibility of new quotas under bilateral arrangements before the commencement of the transitional period.*

** A specific reciprocity clause (Article 7) stating that "improvements in the quota growth rates should only be granted to countries that have taken the necessary actions to abide by Gatt rules and disciplines."*

A useful note can be made here too of the broader agreements on Gatt rules and disciplines, linked by textile negotiators (especially the EC trade negotiators) to settlement on textiles and clothing trade. Of particular note here we may count [12]:

** A clarification of rules for the determination of dumping including a provision that the cumulative evaluation of the effects of total imports in the assessment of injury, and a reduction in the percentage of production a plaintiff must represent in order to file an application;*

** Clearer rules on prohibited and actionable subsidies and the establishment of burden of proof on the subsidising party. That is the subsidising party must demonstrate to the plaintiff that the subsidy does not cause serious injury if it exceeds 5% of the value of the product;*

** Improved protection for designs, models, trademarks, logos and patents, albeit with five-year derogations established for the developing countries;*

** A strengthened dispute settlement procedure countering the prior system of panel ruling lapses where one party refuses to accept conclusions, and greater enforcement powers for GATT panels under the newly established World Trade Organisation (WTO).*

Very briefly here, and before a return to the central issue of European textiles trade policy-making and its characteristics, for the European Commission, these agreements in tandem with the ATC are now firmly viewed as a stabilising element in the industry. The structure of EU imports will change to reflect the move towards more open markets, but only gradually. This, it is expected, will not so much involve a big jump in imports as it will a major redistribution in the sourcing of imports with China, Indonesia, India, Pakistan and the CEEC textiles and apparel exporters the likely winners and some Latin American and Lome Convention exporters losing out. It is of course anticipated that competition will rise, depressing prices and reducing industry employment, but it will be a gradual and balanced process with EU producers able to move parts of their production overseas and able to exploit new improved export opportunities thanks to an advantageous package of market access deals and the new guarantees provided by the UR Agreement in the areas of design, trade-marks and logos. Effects will of course be felt from the commencement of the transitional period, but the Commission has argued that the stage-based formula secured and the freedoms associated with it, provides further time and space for industrial adjustment in the EU economies.

4.3.iii. After Geneva: Some final reflections

Between these final agreements as reached at Geneva in December 1993 and the initialling of the Uruguay Round package at Marrakesh in April 1994, the continued gap between Comitextil and the Commission was quite apparent, whilst subsequent developments in EC textiles trade policy-making have again underscored an active policy network (bringing national and European economic interest groupings into a formalised dialogue with national governments and supranational institutions) and one in which the producer groups' influence has evidently declined to the point of necessitating their formal reorganisation.

In the first instance, though the principal industry organisation found favour with the establishment of the WTO, the new Textiles Monitoring Body, tougher dispute

settlement procedures, and elements of the ATC, Comitextil pressured the Commission to withdraw some of its market access concessions (for example those unreciprocated at that stage by India and Pakistan) and was reported to be sceptical about the overall balance of the ATC agreement. Its lack of success here, the Commission staunchly defended and supported the ATC agreement and committed itself to fulfilling previously tabled tariff offers to developing economies even where counter offers were unsecured before the March 15th deadline, again suggests the producer-lobby's weakened appeal in Brussels come the end of the Uruguay Round marathon. In this regard, it can be seen perhaps to have found itself in company with a dispirited American textiles lobby. Ram Khanna (1994), who in large part attributes the decision to phase out the MFA to a weakening of the US textile lobby, stresses that organisational fracture in this lobby, since its peak in 1986, contributed to its inability to effectively counter an increasingly united importer-retailer lobby pursuing a different set of trade interests [13].

Comitextil's subsequent failure to persuade the Commission of the case for removing textiles & clothing from the Community's Generalized System of Preferences (GSP), now revised for the period upto 2005, only appears to underscore the weakening hand now held by the industry in the fashioning of Community textiles trade policy, a situation which has led, along with other forces, to the creation of a new united industry grouping Euratex (The European Apparel & Textile Organisation). The Commission's recommendations that textiles and clothing remained within the system and that there should be only a partial withdrawal of benefits in this area of trade from "dominant" far-eastern suppliers (in keeping with the graduation principle), was much less than Euratex had pressed for [14]. Conversely, the Commission's success in resisting the stronger industry pressures here along with the demands of the Southern EU member states, further supports a thesis centralising its institutional leadership in the development of textiles trade-policy. In preserving the place within the scheme of the dynamic Asian economies and the categories of textiles and clothing (two among twenty total categories) themselves; in securing the transfer of benefits lost to the "dominant" ASEAN suppliers to other Asian and Latin American suppliers according

to its graduation principle, and in forging an agreement on lesser and staged reductions in the margins of preference for ASEAN suppliers over "developed" economy suppliers (relative to those called for by Euratex); the Commission has again showed its centrality to the direction of textiles trade policy-making.

4.4. CONCLUSIONS

In overview, it is clear that EC textiles policy over the period reviewed here, 1986-1995, has been powerfully informed and influenced by a wide array of factors and conflicts, but is finally only understandable in terms of a comprehension of the complex bargaining and discursive processes between a varied set of engaged actors (national, supranational & transnational) forming a quickly identifiable policy network. It is equally clear that within this complex of interlocked (formal decision-making structures) and interacting institutions, the formulation of Community textiles trade policy has turned most of all on the ideas, bargaining and leadership of the European Commission and its resolution of the conflicts and stale-mates (political and ideological) of the institution of the Council of Ministers.

To step back from the end point of this statement for a moment, and to first add substance to the initial claim of a variegated policy influences, a number of observations may be usefully made about macroeconomic and interest-based influences frequently located at the heart of traditional policy explanation.

It remains clear here that what can be termed as traditional economic "interests": competitive advantage, export/import opportunities or threats, employment considerations etc., have remained of profound consequence for nationally-based strategies and interests which, in turn, can be seen to have been engaged in an institutionalised conflict over the period in question. Whilst structural conditions for national textiles industries can be said to have deteriorated in general set (the broad back-drop to negotiations has been a constant fall in EU textiles industrial employment and heightened import penetration), we may also observe evidence of a

broad North-South cleavage here with divergent national reaction and response as conditioned by factors such as the modernity of plant, the scale of de-localisation, and in the face of varying levels of concern and industry-sourced pressure over home-market trends, external market access, and the internal movement towards a single market in textiles & clothing. It is equally clear that over this period the lobbying of particularised or "special interests", principally those of the producer groups, Comitextil, Gesamttextil, ELTAC etc. has been of significant consequence for the course of policy and tone of textiles diplomacy. However, although these have been members of an active and well integrated policy community encompassing private and public actors and multi-levelled relations/bargaining, their influence on policy seems to have been variable, inconsistent and ultimately "diminished" relative to earlier historical phases of Community textiles policy-making. The formation of ELTAC in the midst of this period and subsequently of EURATEX at its terminus, was indicative of such experience with something of a correlation between internal fracture (that is fracture with respect to the voice of industry producers) and the weakening of the producer-lobby's clout with Brussels. The final outcome of the ATC, as with the basis of much Commission argument throughout the period of its negotiation, has proved somewhat removed from the producer mandate or agenda, and it is to be recognised that like national economic interests too, those of the industry producer-groups were never fully in harness with only the latest industry move, namely the formation of EURATEX, bringing together the constituents of the previously autonomous Comitextil, ELTAC and ECLA.

With a combination of these points, it is arguably clear that a theory based on the political economy of special interests or on a corporatist model is not easily established here. From the framing of initial policy towards MFA extension in 1986 to the conclusion of the ATC agreement in Geneva (December 1993), industry pressure may well have remained a significant influence on EC policy-making (profoundly so with respect to the EC's emphasis on reciprocity) but cannot be said to have directed Community policy to the same degree as in the earlier period of the seventies and early eighties, when its influence was considerable (see Farrands, 1983). Equally,

though we have seen the extent to which external pressures such as the ITCB's demands and the often conflicting shape to American textiles politics, brought influence to bear on EC diplomacy and policy-evolution, an explanation of policy rooted in such external pressures would be partialistic. And as regards a power-based hypothesis, whilst the Community's power and role in this set of negotiations is consistent with such a perspective, the relatively backward and uncertain role of the United States in the fashioning of the ATC Agreement, including its ill-fated global quotas proposal, is not. Of note here of course is the virtual hamstringing of US external textiles trade policy-making in this period by counter-balancing domestic alignments including a contest between a liberalist Presidency & Trade Office and a protectionist-leaning Congress, and between a defensive producer lobby and an influential retailer-importer lobby.

The analyst thus confronts a reality of significant explanatory variables relating to governmental interests and their institutionalised "contest", to special interests and economically-driven preferences and lobbying, and to the power of the Community as a policy leader and principal negotiator, but also an apparent inadequacy in terms of interest-based and power-based explanatory frameworks predominant in prior explanation of American foreign economic policy. More satisfactory understanding of Community textiles & clothing trade policy over this period should be found therefore and, on the balance of evidence presented in this chapter, is achievable, with a central focus on "domestic structures", on inter-institutional or inter-organisational dynamics (and conflicts) and on the political role of ideas. Here, the fashioning of compromise between varied member governments in the Council of Ministers under the leadership of a Commission, geared towards a set of broadly liberal objectives, and exerting a firm grip over policy, is critical. This is a process incorporating a set of complex dynamics between the Commission and the member governments, between the Community institutions, and between the Community and external institutions (e.g. Comitextil); and one in which the weight of the "liberal" Northern member governments in the Council, in loose alliance with a sympathetic Commission, was crucial to the direction and balance of policy. Indeed, the institutional authority,

attitudes to trade & industry, and political entrepreneurialism of the External Relations Directorate, as well as the beliefs and politicking of central figures such as de Clerq, Leng, Andriessen and Brittan, have been shown to have been crucial to political outcomes in this domain of EC policy-making, just as the "North-South" cleavage and its "bridging" has been shown to have been central to the speed of Community policy evolution and to periods of simple inertia in Community textiles-trade policy-making.

This emphasis on domestic structures (political institutions, decision-making processes and network mechanisms) and the political role of ideas may be seen to have complicated the task of explanation as we are forced to consider and to recognise a complex and multi-levelled process of preference formation, inter-institutional bargaining, institutional leadership and policy-setting all within the terms of an account of contextualising "environmental" influences associated with macroeconomic and external political pressures. Furthermore, Community trade policy in this sector, as has been detailed here, was neither separable from trade policy in wider set with substantial evidence of issue-linkage and principal connections between textiles, market access, agricultural, safeguards and IP negotiations; and was directed in the context of profound changes to internal trading arrangements (the Internal Market Programme), to related movements on structural funding, and to a strengthening of competition rules for EU-based industry.

In the final analysis, such rich understanding has followed only from the attention in this chapter to "internal" forces and developments, from a focus on domestic structures and the boundaries, processes and interests of a highly institutionalised policy network. What has emerged first and foremost in this account of textiles trade policy-making is the extent to which the institutionalised process of managing and reconciling competing ideas and interests amongst and between governments, industry and the EC institutions (notably the Commission) has profoundly shaped policy. What is clear too is that in the context of this nexus of ideas, institutions and interests, the supranational institution of the European Commission can be said to have exerted a firm control on policy in this arena, playing a "leadership" role

grounded in its function as mediator and negotiating agent, its powers of information and initiation, and influenced by interpretations and "ideas" at individual and group levels. The power of national interests is not relegated, there is a crucial and institutionalised process of reconciling divergent national interests identified here and one related to a particular pace of policy evolution and advancement, but the explanatory role attributed to the power of special interests or producer interests is weakened with the suggestion of an inconsistent and somewhat variable industrial influence on policy.

In the following chapter, the formulation of Community agri-trade policy will be shown too to be understandable only in terms of a concentration on "domestic structures", on inter-organisational processes, and on the political role of ideas. The configuration or respective weight of variables will be shown to be removed from that evident in this case, a new "institutional mix" will be revealed, and greater stresses will be placed on the cultural embeddedness of ideas and on intra-institutional bargaining processes, but the central thesis will remain unaltered. The understanding of Community trade policies is best achieved through the employment of an institutionalist framework of analysis. This should be centred on exercises of institutional mapping and process tracing, but should be incorporative of those insights into the domestic roots of policy generated by cognate and policy networks literatures.

CHAPTER FOUR NOTES

[01] For an extensive analysis see, Blokker (1989). For a concise review of its main features, see alternatively, Blokker & Deelstra (1994).

[02] The eight categories in question here are: cotton yarn; cotton fabrics; discontinued synthetic fabrics; T-shirts; jerseys and pullovers; trousers; blouses and shirts.

[03] A fuller account of the Declaration and its stipulations on textiles and clothing is given in GATT, Basic Instruments and Selected Documents (BISD), 29th supplement.

[04] Comitextil, as earlier explained, has been the major European group representing the textile industry. ELTAC was set up some four years ago by some of the EU's largest textiles and clothing companies, and ECLA (The European Clothing Association) has been a third industry grouping lobbying the Commission and European Parliament over recent years. The recent formation of EURATEX, considered later in the chapter, has brought these agencies under a single umbrella.

[05] M.Subhan, 'Textile Asia', July '86: 20.

[06] In the negotiation of its bilateral deals for effect from January 1st 1987 (26 in total), the Community was under pressure to cement a common framework for product classification (at some 120 categories), with a new list based on the Harmonized Commodity description and coding system (Harmonized System), the looming and revised version of the Brussels nomenclature of goods for customs and trade statistics.

[07] M.Subhan, 'Textile Asia', Apr.'88: 14-19.

[08] W.Dullforce, 'Financial Times', 20/05/88: 04.

[09] Subhan (1994) highlights particular German and British concern that their better organised import trade would encourage a situation in which they themselves would take up more textile imports than others after the abolition of national quotas, and French and Italian concern that the "take-up" would be greater in their economies, where production was more oriented towards the domestic market. See, 'Textile Asia', Apr.'94: 18.

[10] A new Commission took shape on January 1st 1989, and a liberalist tendency among the key trade and industry Commissioner's was noted in the reportage of the period.

[11] M.Subhan, 'Textile Asia', Jan.'93: 13.

[12] The summary of points here is indebted to the review of the Gatt Agreement in the industry journal, "Textile Horizons", 14 [1], 1994: 16-23.

[13] See, Ram Khanna (1994: 35-37).

[14] Over a decade ago the Commission introduced a policy of "graduation" into its system of generalized preferences designed to improve trading terms for lesser developed economies. Under this policy GSP benefits have been withdrawn from specific countries for specific goods. It has now developed new "development" and "specialisation" indexes to identify grounds for the extension and withdrawal of specific privileges.

CHAPTER FIVE: EUROPEAN AGRI-TRADE POLICY & THE URUGUAY ROUND

INTRODUCTION

At the Ministerial Meeting of Punta Del Este in September 1986, all participants agreed to embark on the challenging process of bringing agriculture "back into GATT". The specific commitment reached on this occasion was to bring "more discipline and predictability" to world agricultural trade by correcting and preventing restrictions and distortions, and to achieve a "greater liberalization" of primary sector markets. This would bring all measures affecting import access and export competition under strengthened and more effective GATT rules and disciplines. The European Community embarked upon this mission with caution and measured reluctance. The broad context of its involvement was one which included: proliferating trade conflicts relating to agricultural production, trade barriers and market distortions (including an escalating subsidy war with the United States); an enduring attachment to its overtly protectionist Common Agricultural Policy (the CAP); progressive reform of the same regime under a combine of external and internal pressures; and a heavily restricted set of expectations and objectives. The limits to its own ambitions and intentions were very much a reflection of the significant domestic political costs associated with agricultural liberalisation and of its own (and international) configurations of farm sector protections, subsidies and interventionist support measures. The Community had the company of several other developed economies in first resisting the inclusion of agriculture on the Uruguay Round agenda and then in an attempt to limit the extent of negotiating objectives: nearly all of the industrial countries at this point held resources in agriculture "behind a panoply of protectionist barriers that insulate[d] the primary sector from international competition" (Guyomard, Mahe, Munk & Roe, 1993). Despite this, a number of external and internal pressures later to be discussed, combined to move the Community to the point of external negotiations and later to conclude a WTO Agreement on Agriculture. This would come to involve a phased reduction of agricultural tariffs/border duties by a 36% average 1995-2001, a reduction

in domestic payments under assistance programmes by 20%, and the reduction of export subsidies by 36% in value (by July 01, 2001) and by 21% in volume, product-by-product.

The critical aim of the present chapter is again to build upon earlier analysis of foreign economic policy-making and the Community system (chapters one to four) to provide an empirical test and demonstration of foundational arguments concerning the role of ideas, institutions and interests in the political economy of EC trade policies. Here, an attempt is made to provide a detailed account and understanding of the progression of EC agri-trade policies over the course of the Uruguay Round negotiations, extending the form of political economy analysis developed in the preceding chapter on textiles trade policy-making and further evaluating the external dimensions of Community sectoral policies and commercial diplomacy. As in chapter four's analysis of EC textiles-trade policies, an effectively "institutionalist" expression of positive political economy analysis/theory is employed to demonstrate the profound consequence for Community external policy of central elements of Community governance structures (politico-institutional frameworks, decision- or rule-making structures, and "network structures" of state-societal discourse) and of the institutional structuration of ideas and interests. An added concentration on domestic policy structures/regimes is again a characteristic here, incorporating a stress upon the interconnectivity of transnational European and global market regimes.

Two introductory points are worth making here:

First, and given the aims of this chapter, the apparent separation of agricultural and trade policy responsibilities in the Community structure is a complicating factor. The Commission has separate commercial (DG-I) and agricultural (DG-VI) portfolios, and the reader is excused uncertainty as to the possible beginning of "agricultural trade" policies and the prospective boundary of "domestic farm policies". The identification of agricultural trade regulation or of policy(ies) concerning agricultural trade is however a relatively manageable process given an awareness of the complex

machinations of the EC's Common Agricultural Policy (the CAP) and its trade implications and of the function and nature of transnational regulatory structures blurring the distinction between domestic and external boundaries (see the discussions of chapters two and three).

Second, the agricultural policy framework of the European Union has undergone a number of significant changes in recent years inspired by internal financial constraints, reform and integration moves in Europe, but the course of that framework and of EC agri-trade policy and diplomacy over these same years has centred on the negotiating requirements of the Uruguay Round and on the hand-in-hand elaboration and implementation of CAP reform and the WTO Agreement on Agriculture. The charting of this particular course, to be examined in depth here, should help reduce internal supply pressures in Europe's agricultural markets and could ease the fiscal burden created by ever-expanding support systems. "Although no immediate decline is to occur in border protection, gradual reduction of duties, resulting from the tariffication of variable levies and charges, as well as tightened export subsidy provisions, may eventually increase the sector's exposure to competition." (WTO, 1995b).

To return to the "relationship" between agriculture and trade, at issue in the first of those points above, it is useful to note at this early stage that though the present analysis may be informed by the many studies of agricultural protectionism (see Anderson & Hayami, 1986; Krueger et al. 1988; & Parikh et al., 1987) and of the political economy of agricultural policy, both of European policies and more generally (see for example, Rausser & Irwin, 1989; Gorter & Tusur, 1989; Petit, 1985; & Meyer & Josling, 1990), the task remains that of explaining a sectoral dimension of Community trade policy guided by the view that policy can be understood only if one understands the forces that underlie it and the processes that produce it. All of the above mentioned research, and further work on agriculture and international relations (see De Haen, Johnson & Tangermann, 1985) is thus contributory in the sense that it provides a better understanding of why governments intervene in agriculture, of the

nature of conflict between and within states who protect domestic agriculture, and of the relationship between domestic and global structures.

The public choice theory of agricultural policy (for example, Gorter & Tusur, 1989) sheds some valuable light on the behaviour of individual farmers, their coalitions and producer associations, whilst the game theory approach (e.g. Harvey, 1992) has been "interesting" in its provision of "...an understanding of how governments capitalise on international agreements to make liberalization at home less painful" (see the review of Henkels, 1992). Comparative and historical frameworks for analysis have also usefully contrasted European and North American farm policies (see for example, Meyer & Josling, 1990, Tracy, 1989; & Hillman, 1985), whilst an intersection between political science theory and modern public finance theory (see Munk, 1989) is evident in Guyomard et al.'s (1993) characterisation of the relationship between government intervention and cost-efficient distributional objectives.

It is however clear that this assortment of work on agricultural policies and their political economy is often more penetrative in its analysis of policy effects, of economic inefficiencies, and of patterns of protection and/or supports across countries and time, than it is in addressing the reasons behind policy or "protectionism" in a single case or of sets of agri-trade policy decisions by an administration in a specific period. Even the more enlightening accounts of agricultural policy and interventionism in the agricultural sector can be seen to utilise forms of analysis earlier critiqued for their limitations in the address of commercial decision-making and policy formulation. Others, problems aside, ask different questions or look at different problems and outcomes to those of the trade policy analyst concerned with policy inputs and processes.

5.1. THE URUGUAY ROUND AGRI-NEGOTIATIONS: BACKGROUND & BEGINNINGS

Analysis of the WTO Agreement on Agriculture and its protracted negotiation, must

start with a recollection of the important fact that in the seven previous rounds of multilateral trade negotiation under the auspices of the GATT, agriculture had occupied an unusual position amongst the overall basket of products. Until the Uruguay Round, domestic agricultural policies had effectively been regarded as non-negotiable and although agriculture had not been entirely left out of GATT negotiations, its inclusion had only ever been partial. While tariff-based and other impediments to the movement of manufactures were being progressively eroded, trade in agricultural goods had become governed by special exceptions to the GATT rules. In effect, agricultural trade had been left outside the general principles of the Agreement with a set of specific derogations established- some general, some granted to particular member countries- allowing, for example for the toleration of import quotas and export subsidies in a range of product markets (e.g. milk, beef and cereals) [1]. Under such freedom, international trade in agriculture had become increasingly hampered or distorted by complex systems of import restrictions and export subsidies and although the share of agriculture in world trade had sunk from one-half to just over one-tenth over the years from 1948, agriculture continued to account for about one-half of all disputes brought to GATT (Croome, 1996: 105).

Given this background, the Community's Common Agricultural Policy (CAP) stood as a developed example of such exception to GATT rules, seeking to increase agricultural productivity and to stabilise agricultural markets and incomes in Europe through a complex system of external protection and intervention, variable levies and border charges, price guarantees and income supports, and assorted structural elements [2]. Since its inception at the end of the 1950s- the principles of the CAP are enshrined in Article 39 of the 1957 Rome Treaty- this domestic regime had provoked international controversy and criticism. The trade-distorting effects of the policy, including major price effects and restrictions on Community market access have been repeatedly condemned by international agri-producers whilst the Community itself has repeatedly been in argument over the policy's rationale, costs and effectiveness.

An announced objective of the Uruguay Round, to achieve greater liberalisation of agricultural trade by improving market access and by improving the competitive environment, seemed therefore a great ambition both for the Round itself and for the Contracting Parties, many of whom (not least the member economies of the European Community) still had in place extensive price support schemes, import barriers, and an array of export subsidies. This was compounded not only by the degree of ambivalence towards this stated aim quickly evidenced by several of the participants but by the hugely technical quality of highly protected international agricultural markets and the need for vast preparatory work. As it emerged, the nature and scale of this ambition plagued the seven-and-a-half years of the Uruguay Round, with conflict primarily due to the polarisation of exporting and importing country views on farm trade, and to the dissonance between European and American positions. Together, the United States and the European Community accounted for over half of world trade in cereals, skimmed milk powder and butter, were significant exporters of beef, veal and sugar, and, in terms of their support systems on production and exports, bore "much of the responsibility" for the "disarray" of international markets equivalent to an annual \$3 trillion worth of trade (Murphy, 1990a:116).

5.1.i. Commencing the negotiations

In principle, the three main negotiating areas associated with agriculture and agricultural trade: domestic support, market access, and export competition, were identified in the Punta del Este Declaration. At the commencement of negotiations however it was still unclear in what way these areas could best be dealt with. The original negotiating group initially based itself on the work done since 1982 by the OECD and the GATT committee on Trade in Agriculture and commenced its work with a new technical study aimed at reaching a common measure of total government assistance to national agricultural sectors. This work encompassed a thorough-going review and assessment (based on existing and original data) of the various international agricultural policies and regimes, comprehensive analysis of the state of agricultural markets, and the attempted calculation of worldwide farming incomes,

trade flows and intervention levels. Croome's analysis (1996) suggests that it was not until 1987 that the main participants began to advance ideas on the fulfilment of the Punta del Este mandate and it is certainly the case that until the immediate build-up to the mid-term review meeting in Montreal (December 1988), "the most fruitful work" of the negotiating group was on technical matters and on sanitary and phytosanitary regulations. In the latter area, a specific working group was formally established in September 1988 (for fuller coverage see Croome, 1996: 116-117).

Ahead of the Montreal meeting, several countries had begun to push forward broad proposals for agricultural reform, including the United State's promotion of a complete phase-out of all agricultural subsidies which directly or indirectly affected trade over a ten-year period. This contentious "zero-2000" proposal (it also called for an immediate freeze of export subsidies) was joined by Cairns Group proposals which appeared to share the same goals but which did not foresee their achievement within a ten year period. Despite this, the countries of the Cairns Group - Argentina, Australia, Brazil, Canada, Chile, Colombia, Fiji, Hungary, Indonesia, Malaysia, the Phillipines, New Zealand, Thailand & Uruguay - may be judged to have been more earnest than the United States in promoting such radical reform and had collectively intensified the pressure on other GATT parties, notably the EC and US, to place agriculture on the Uruguay Round agenda [3].

For its part, the initial position of the European Community may have been fairly characterised as little removed from that evidenced in the Tokyo Round. As expressed by Henkels (1992) it appeared that the Community again wanted "to focus on the symptoms (disrupted world markets) rather than the problem (that domestic farm programmes disrupted trade)". A solution (multilateral reform of agricultural support) was distant from its original thoughts as it maintained a "hands-off CAP" position with a minimalist's view of a Punta del Este Declaration which, in terms of the inclusion of agriculture and services, it had endorsed only after four years of foot-dragging on the New GATT Round.

It is clear however that following the commencement of negotiations (and as revealed in its general proposals of October 1987) the real basis of the Community position was that of an interest in market stabilization and in the gradual reduction of agricultural production supports and subsidies. A number of internal and external pressures appear to have combined to make it easier for the EC to both agree to reform its agricultural policy (the CAP) and at least to embark on the process of multilateral farm products trade liberalisation. The need to reform the CAP was driven by several factors including its escalating budgetary burden and structural failings, and by the long-term expectation of continued regional integration. Future accommodation of the highly-subsidised EFTA agri-sectors for example, would raise fundamental challenges in such areas as intervention levels and common prices. And it is equally clear that once EC governments accepted that liberalisation in non-farm goods and services trade under the Uruguay Round would be conditional on liberalisation in farm products trade, then the political cost of agricultural liberalisation would be weighed against the gain of political support from industries benefitting from greater market access abroad (Anderson, 1994). At the same time, the Community was pressured to accept a process of agri-trade liberalisation through multilateralised trade negotiations (MTNs) by both the Cairns Group of producing nations - insistent that the Uruguay Round would not yield effective results without progress on agriculture - and by the degree to which recent American agri-policies (including a significant increase of domestic farm-assistances in the early eighties) had put pressure on the CAP budget and increased international agri-trade disputes/tensions.

Nonetheless, though this combine of pressures appears to have established the rationale for the Community's acceptance of agriculture on the UR agenda, and its limited set of aspirations for these MTNs (developed below), the question of how much farm policy reform would be tolerated still generated the basic answer of "very little". The Community was concerned that Europe (along with Japan) would bear the brunt of adjustment from liberalisation and was insistent that any market-opening must not threaten the fundamental mechanisms and principles of the CAP even though that same regime was subject to a progressive internal reform given escalating

budgetary costs and persistent surpluses. It was clear too that the Community's view was that any discussions should take into account all measures which influenced trade and not simply export subsidies (central to the influential French position); that emergency stabilization measures should be taken on some commodities such as cereals, sugar and dairy products, and should be generally tolerated; and that each country should enjoy freedom to realise reasonable reductions in production support, including the establishment of possible compensation measures. These positions were firmly coupled to the insistence that the member states of the European Community would accept an agricultural agreement "only as part of a satisfactory outcome to the whole of the Uruguay Round." (Croome, 1996: 116).

Given this stance, a breakdown of negotiations in Montreal (December 1988) as a part of the mid-term review was inevitable and only a procedural safeguard by the GATT Secretariat, deferring the adjournment of the mid-term meeting until April, saved the negotiations "from a premature demise" (Ostry, 1990:318). In April, a consensus document pieced together by Group Chairman Art De Zeeuw, served the critical functions of reaffirming agriculture's place in the overall negotiations, of concentrating the negotiating parties on the task of advancing detailed proposals by the end of 1989, and of committing those parties to a short-term agreement not to increase support and protection of agriculture beyond present levels. This was seen in terms of clear contribution to the longer term aim of establishing "a fair and market-oriented agricultural trading system" and of "substantial progressive reduction in farm support and border protection...sustained over an agreed period of time." The report did not however settle the wide disagreement on agricultural reform between the GATT parties- centrally the EC, the United States, Canada, Japan, the Cairns Group and the developing economies- and ensured that real progress in agricultural negotiations would become the preserve of the period following the mid-term review.

It is now clear that at the point of the mid-term review, the EC was simply unable to accept the American proposal of an elimination of trade distorting measures, the inflammatory nature of which was anathema to a Community grouping which would

only countenance a reduction in support to the extent necessary to re-establish balanced markets. Time was needed to shift the member states from a conservative opening position given the structure of domestic regimes and the varied interests of the member states on agriculture. National agricultural ministers were on hand throughout the mid-term negotiations to ensure Commission negotiators gave no ground to the zero-2000 proposal in assisting the GATT Secretariat to unblock negotiations.

It is worth reflecting at this stage that ahead of and during the mid-term review, the internal balance of Community opinions was a delicate one. The "camp" included a small set of nations, the UK and the Netherlands principal here, publicly committed to agricultural trade liberalisation (though unprepared to commit to the elimination of the CAP) and a broader set of CAP defendants coalesced around a French platform that the fundamental mechanisms and principles of the regime were non-negotiable and that no negotiation of European subsidy mechanisms (especially export subsidies) could take place outside of discussion of the protectionist practices of other countries and the tackling of over-production in other countries. France had found the particular support of Spain, Greece and Ireland in ensuring that the initial Punta del Este declaration spoke non-committally of "increasing discipline on all direct and indirect subsidies" without the singling out of export subsidies. Other member states, including Germany, backed the further French insurances that if agricultural supports and market access restrictions were to be reduced, then levels of support would have to be calculated on the basis of both market support and production along with the introduction of "rebalancing". This notion of "rebalancing" - or increases in border protection for specific products provided the overall level continued to be reduced - quickly became a cornerstone of the Community's common position. The target was primarily oilseeds non-grain foodstuffs where the agricultural lobbies and the Commission wished to impose levies in order to protect EC production (Woolcock, 1993a:305). The substance of national positions is further detailed in later sections.

5.1.ii. Towards the Brussels Ministerial: the evolution of the EC position

The European Community had categorically failed at the Mid-term review to make a specific commitment on percentage reduction in support and on an acceptable timetable for the dismantling of support systems but under the mid-term package of April 1989 and the TNC agreement of July 1989, the Community had become firmly committed to the declaration of its positions in all of the fifteen negotiating groups, agriculture included, by the end of 1989. In its October 1989 paper on the measurement of agricultural support and its December 1989 "global offer", the Community finally revealed the first elements of a holistic package of proposals in Geneva. Though evidently less radical than proposals offered by the United States in November -Washington now called for a 90% cut in export subsidies and a 75% cut in domestic programmes- and though lacking a specific commitment to a set level of farm support reduction (this did not follow until the following autumn), the Community's proposals did suggest the scaling down of both subsidies and import barriers and contained a few detailed elements. Importantly, the Community "offer" proposed an alternative to the OECD Producer Subsidy Equivalent Measure (PSE) as a means of measuring overall support for agriculture, and accepted a partial tariffication of variable import levies and charges (used for the purposes of border protection) though diluting its concession here by maintaining the principle of rebalancing explained in the preceding section.

With respect to the central issue of scaling down farm supports and import barriers, the AMS (Aggregate Measure of Support) proposal was critical in that it signalled a set reduction in farm supports (in percentage terms) via the calculation of overall support. The mechanism would be sufficiently flexible so as to allow for aggregation across several categories of support thereby avoiding specific and separate commitments on export subsidies or refunds (a long-standing objection). It held the particular advantage of separating out export, domestic subsidies and deficit payments (to be measured for their acknowledged effect on production and trade) from disaster assistances, domestic food aids, marketing supports, resource retirement

programmes, investment aids, and food reserve programmes, which would fall outside of "the coverage" of the measurement.

The August 1990 quantification of a cut in farm support and protection, by 30%, therefore filled an apparent hole in the Community negotiating position before the Brussels Ministerial at the end of 1990. This offer would represent an aggregate reduction of this percentage in the 1986-1996 period and was coupled with an assurance that the targetting of domestic supports (input subsidies, price supports and deficiency payments) would automatically lead to cuts in export subsidies. Again, the Community would not negotiate in terms of set reductions for export subsidies (see Gardner, 1990; & Henkels, 1992: 37).

Throughout the autumn of 1990 the Commission, Presidency, and Council of Agricultural Ministers worked this and the principal elements of the Community's earlier submissions into an official EC position ahead of the scheduled Brussels Ministerial. Though the period entailed Commission consultation with senior producer bodies, COPA and the Confederation of European Agriculture (the CEA), the minimalist nature of several positions to be eventually taken was principally an outcome of defensive position-taking by several member governments (including France and Germany) powerfully influenced by national farming lobbies. The original target of this "Ministerial" was nothing less than the conclusion of Round negotiations in all fifteen groups, given that the United States needed to get the proposals through Congress before its fast track negotiating authority ran out in June 1991. This "Community Position" was tabled in Geneva in November 1990 after a significant delay in the EC's own Agriculture Council and contained those central elements as considered above: an offer of a 30% reduction in aggregate support measured by the AMS (on 1986 levels), the tariffication of certain border measures and a concomitant reduction of the fixed component resulting therefrom (the tariffication being subject to rebalancing), but no separable offer on export subsidies to meet the insurances of U.S. negotiators. Even this minimalist offer (minimalist by comparison to Cairns Group and U.S. proposals) would attract opposition from producer lobbies.

5.1.iii. The early policy formulation: first reflections

The broad context of these early policy decisions was briefly alluded to in introduction to this chapter. The defensive position of the European Community reflected, in significant part at least, an engrained culture of agricultural protectionism in the member states of the European Community, the embedded nature of its CAP regime (and associated political sensitivities), and an initial reluctance to place agriculture on the Uruguay Round agenda associated with several wider pressures. In general, contracting parties could be classified into two categories- the proponents of reform and the proponents of restraint (see Hathaway, 1990; & Guyomard et al., 1993). The Community was evidently in the latter category. The trade gains of agricultural liberalisation were less obvious to the Community than to other exporting economies with competitive position now lost in many markets and internal prices at considerable distance from world levels in many commodities. And however far European agriculture found itself in a changing social and economic environment [4], the need for sectoral liberalisation could not easily or evenly be impressed on the member states given their considerable differences (i.e., in Greece almost 30% of the working population is employed in agriculture, elsewhere the corresponding figure is less than 5%) and the fact that government positions were relatively highly influenced by the political clout of national farmer associations (Guyomard et al., 1993).

Though all of these points will be returned to at separate intervals throughout the chapter and are considered as part-and-parcel of the environment of European agri-trade policy decisions, in reflection on the Community's initial management of the agricultural question (as just described), two central points should be made at "point of departure".

First, at the outset of Community action, key understandings or assumptions of a broadly shared nature appear to have characterised the positions of practically all in the policy-making community irrespective of their ideological and policy differences.

It is evident that all Community members and the Community executive remained committed to the guiding principle of managed markets, including those Northern member states usually relied upon to promote liberalism in the varied aspects of Community economic policy-making. Though many states favoured a fundamental overhaul of the CAP regime and this was forthcoming (see later sections) and though the same states broadly embraced the opportunity of bringing agriculture back into the GATT (principally the UK and the Netherlands), there was no evidence, at the outset of negotiations, that any party subscribed to an abandonment of the managed markets approach contributing to the initial solidity of the "hands off CAP" position and the initial rejection of the later considered CAP reform proposals. As one U.S. trade mission official was to put it to me in personal interview:

"There is one consistent underlying philosophy that all Community members accept with respect to agriculture and that is the concept of a managed market...You've got a supply and demand balance sheet and the bureaucrats here in Brussels are going to make every decision on the basis of what happens to that balance sheet...There is no member state willing to go against that fundamental philosophy." [5]

Whilst reflective of several realities including: major inefficiencies in domestic agricultural markets, the deep rooting of an interventionist culture, active producer interests, and the fact that "consumers and taxpayers do not count for much in EC policy-making" (Winters, 1994: 46), this was inextricably tied to a "prevailing idea of agriculture" in European society. In echo of Rohrich's (1987) reflections on the formation of foreign economic policies and his notions of "consensual economic cultures" (see chapter one), the treatment of agriculture by the European policy-making elite was such that agriculture was seen not as an economic sector equivalent to others in its status and form but as a unique sector of economy and society in which economic and social objectives, market logic and cultural aspirations have an equal potency. The complexities of this situation tax the designers of policy without relent and often move heart and mind separately as captured somewhat poetically by a former Deputy Director General of DG-VI:

"When a citizen of the Community travels through a countryside, particularly countryside which is familiar to him, in the summer time and pauses to look at a well tended field being harvested and beyond it a sea of

fields with a good crops waiting to be cut, he does not simply feel glad that his bread supply looks secure-although he certainly would think of this if he had recent experience of shortage. Nor does he simply feel pleased that there is evidently a farmer living in the area whose custom will help to keep the nearby village alive. When he walks on a hillside on turf which is springy and kept free of scrub by a flock of sheep he doesn't instantly think that his supply of lamb chops is assured. But he does feel as he walks the hill or looks across the gate at the harvest that here is something which enriches his life. And if he is told that the bureaucrats of Brussels want to drive the cereal farmer out of business or put the sheep producer on the dole, he is puzzled and angry. Not perhaps as angry as the cereal farmer or sheep producer but they have his sympathy and support. And, when the economists and accountants turn up and explain that because of technical progress both cereals producer and livestock farmer have expanded their production to the point where, at the margin, there is no economic market for what they produce; that the correct solution to this problem is to allow market forces to drive prices down until sufficient producers have been forced to give up production for an equilibrium to be re-established...he is apt to think that they have missed the point." [6]

A re-working of a further pronouncement of the same senior European trade official, moves attention to the second set of points signalled a short while earlier:

"Answers to key questions are generally unclear and even if the answers are clear to the Commission, Ministers are the judges of how cold the water is and it is the Ministers who have to swim in it...Even supposing Ministers are prepared to try swimming out of their depths, some would prefer to get into the water more slowly than in the period the Commission and others would suggest is long enough".

Developing the nature and essence of this observation, it is a central view here that the cautious nature and rather episodic evolution of the Community position previously elaborated, is illustrative of the particular nature of decision-making in the Community structure and of a systematic bias to conservatism and inertia in Community agri-trade policy-making and in commercial policy-making per se. Central here we must count the fundamental task of reconciling the often conflicting views and opinions of the separate national governments, the Commission's tasks of exercising "leadership" and of brokering varied policy pressures from these and other stakeholders (principally the domestic interest groups), and the inertial effects of both the complex institutional/procedural mechanisms of decision-making and the need to reconcile international and domestic agricultural reforms. Certainly, the minimalism and incrementalism of EC positions in the early negotiations contrasted markedly with the maximalism of US positions, and the EC's "lack of vision" and inability to

carry on a real trade negotiation beyond position-taking and the rejecting of U.S. initiatives clearly reflected its internal difficulties in reaching any meaningful consensus.

A portrayal of such conflict has already been made in the actual account of policy development in section 5.1.i but further observations should be made here. In the period immediately ahead of the Brussels Ministerial, divisions between DG-I and DG-VI were powerfully contributing to a lively Commission debate. As Henkels (1992: 38) writes:

"Within the Commission, External Relations Commissioner Frans Andriessen predicted that the lack of any undertaking to limit refunds in a specific manner would form the major objection from the US and Cairns Group to the Commission's proposals. But MacSharry maintained that a reduction of 30% in domestic support would automatically lead to cuts in export subsidies and greater market access. This divergence of views between the more free-trade oriented Andriessen who was responsible for the overall negotiations and MacSharry who was determined to protect agriculture, would continue throughout the Round."

The Commission was also faced with the demanding task of securing agreement on its policy line within a divided Farm Council and under the assault of the Community's leading farm-pressure groups. The agreement of Community Agricultural Ministers on the agricultural element of the Community's "global offer" (December 1989) and then on the described position ahead of the Brussels Ministerial of December 1990 did not signal a universal acceptance of the Commission's own stress upon the advantage of a GATT agreement. Once the "De Zeeuw text" had increased the external pressure on the EC in its call for export subsidies to be reduced faster than other forms of subsidy, the member states divisions became more fully revealed with the British and Dutch pressing for a compromise position and more explicit offers on export subsidies, and the Franco-German alliance, bolstered by the Irish, Spanish and Greeks, encouraging the defence of a firm line. When the Commission's own proposals for a common position were presented to the Farm Council in October 1990, they were universally rejected and each of these several member states held out for key assurances under the pressure of national farm groups. Germany for example was insistent on clear and improved provisions on "set aside" and "compensation

payments", the Southern member states pushed for guarantees on agricultural assistances to disadvantaged regions (a key structural element of the CAP), and France argued that a 30% cut in tariffs over the period from 1990 to 1996 (to match that in internal supports) was unacceptable, and joined Germany in pressing for clear ideas on compensation payments and the protection of European cereals.

The compromise package which was finally endorsed by the Council and presented in Geneva as late as November 1990 had significantly avoided any specific commitment to reduce export subsidies, had rejected bound tariffs (because it wished to be able to adjust rates under the principle of rebalancing and in response to large changes in currency exchange rates), had announced "assurances" over compensation, and now encompassed an amendment to the EC's position on reductions in border protection. The rate of reduction at the border was not to be formally quantified but was promised to be concomitant with that in internal support. Under no circumstances however would it be greater than the cuts in internal support (a French insistence). Finally endorsed by the member states on November 7, it represented an internal agreement of an uneasy nature, actually following an extraordinary total of seven meetings of the agricultural and foreign affairs councils in the space of thirty-three days. As Woolcock (1993a:307) recalls, the strongest opponent of the Commission's proposals for a common Community position in the GATT (themselves short of the sort of position supported by the external affairs Commissioner Frans Andriessen) was Germany but, "when at one stage, the FRG appeared ready to accept an internal EC compromise, France stepped in to prevent agreement and the FRG refused to allow France to be isolated". Whilst this suggests the importance of national interests and bargaining power during this period of policy development, it equally underscores the elaborate and lengthy processes by which internal differences are resolved and compromised, the contribution of internal divisions to the substance of external negotiating positions, and the important role played by the institution of the Commission in drafting proposals and in brokering internal agreement.

The focus of these two sets of observations- underpinning attitudes on agriculture and

the CAP, and institutionalised conflicts and divisions among and between central policy actors- remain entirely relevant to the later investigation of the development of the Community's policies beyond the "GATTastrophe" of the Brussels Ministerial. Again and again, in subsequent analysis, their relevance is to be demonstrated in account of Community policy and diplomacy though the emphasis on attitudes and ideas comes to stress as much the importance of conflicting policy ideas and recommendations as it does the "grip" of shared understandings, and the notion of institutional conflicts is progressively sophisticated. What emerges is a "political economy" of Community agri-trade policy-making, characterised by dense inter- and intra-institutional processes, embedded ideas, countervailing impulses and interests, and a characterising network (loosely conceived here) of national government bureaucracies, supranational institutions and interest groups. A further element of explanation rests with the important connectivity between internal and external negotiating processes and it is to this matter, the relationship between CAP reform and the development of a Community line in the GATT negotiations, that attention is now turned in the following section. Throughout, and in later return to the matter of CAP reform and domestic perspectives on agricultural reform, there is an underscoring of the policy effects of domestic structures and process on international commercial policy and negotiations.

5.1.iv. The development of the Community position & the importance of CAP reform

Though the Commission initially "pretended" that its domestic reform ideas had nothing to do with the GATT, Tracy (1991) has suggested that this formal line reflected less a reality perceived by the Community executive and more its wariness of French suspicion of Commission initiatives. According to Tracy (1991) there was a clear sense that any real progress (on price cutting for example) would be genuinely unwise without the securing of international (principally U.S.) concessions as regards their export subsidies and deficiency payments. Indeed, though this essential dynamic was fully transparent only from the point of the Commission's 1992 paper on compatibility

(see later sections), since EC Commissioners Ray MacSharry and Frans Andriessen had taken responsibility for agriculture and external relations respectively (from January 1989) the Commission had operated under a clear understanding that the scale and speed of its reform was being "greatly accelerated by the Community's international obligations under the GATT" (Koester & von Cramon-Taubadel, 1992:156). Moreover, early connections between CAP reform processes and external negotiations were frequent. When MacSharry made the announcement in August 1990 for example that the Community would consider a 30% reduction in domestic farm support 1986-1996, the overall statement reiterated that this cut to domestic programmes would be "retroactive to 1986" and that the effective 15% reduction in internal supports achieved under the CAP since 1986 would have to be recognised.

With respect to the course and direction of CAP reform, though it was not until its Reflections Paper of February 1991 (COM(91) 100 final) that the Commission publicly announced that it would undertake a radical review of market mechanisms, the Commission had been openly reconfiguring the outline of a 1985 Green Paper on CAP Reform during the MacSharry period, its push towards a more competitive framework consistent with the broadly liberal thrust of Community developments during this period of realisation for the Community's Single Market Initiative. A widespread expectation of radical price reform was fuelled by the "leaking" of an internal Commission document at the start of the year (1991) whilst in preliminary discussions with the member states, the Commission had been aggressively advancing the adoption of a pricing policy geared more to the market. The January "leak" revealed drastic price cuts for cereals and oilseeds, reduced milk quotas and other measures, and a reinforced programme of set-aside and compensation payments and though the Paper itself was not of course issued until after the failure of the Brussels meeting in December 1990, its three main guidelines were consistent with these expectations: a substantial reduction in the prices of agricultural products (including cereals), full and on-going compensation for that reduction through compensatory payments (on a hectareage or headage basis), and progressive implementation of measures to limit the use of factors of production such as the set-aside of arable land.

The Brussels Ministerial had of course been intended to secure final agreement on a Uruguay Round package of reforms but the EC had been unable to negotiate an agreement at this GATT ministerial during which its own internal fissures had been again revealed. The Commission negotiating team was reproached by several member states for its verbal at Heysel that it might be prepared to discuss reaching agreement on reductions in each category of support (Woolcock, 1993a:307).

Such movement on the CAP had been made more tolerable by world price movements in key commodities but fundamentally, as suggested in preceding analysis, was both a response to the continuing problems of agricultural surpluses, costly subsidy battles and escalating budgetary pressures and to external demands for a more market-oriented policy. Decisions relating to markets had been taken on a number of occasions from 1984 onwards, covering milk quotas, stabilizers (the introduction of maximum guaranteed quantities) co-responsibility levies, and structural measures to promote diversification and the setting aside of cultivated land, but had failed to have the impact desired.

Again, in introduction of its reform proposals, the Community maintained publicly that its domestic CAP reform was an internally driven process and that though its reforms made wide-ranging changes to the rules of the CAP, they "did not effect the principles of single prices, Community preference, responsibility and financial solidarity which formed the foundation of the common agricultural policy." (European Commission, 1992a). There was however a fundamental parallelism between external and internal negotiations over the period in question as noted previously. The process of domestic regime reform was contextualised and accelerated by the renegotiation of international rules, internal delays in internal negotiations over the CAP led to pause and confusion in external negotiations, and, eventually, the domestic agreement on CAP reform both allowed for the Community to respect possible commitments resulting from the Uruguay Round and acted as reference point(s) for Community concessions during the final phase of negotiations (see the discussion of the Community position on GATT compatibility in section 5.2.iii). To all

concerned, a key question was whether or not enough progress would be made with the reform of the CAP to enable agreement in the GATT to be reached, whilst it is usefully remembered here that the Uruguay Round may have represented "the last chance" to reform the CAP before the extension of its geographic sphere under the EEA (EC-EFTA) and the numerous 'Europe Agreements' with newly liberated economies in central-eastern Europe, a growing realisation within the EC policy-making Community according to Baldwin & Richardson (1991), Woolcock (1993a) and Anderson (1994).

The subtleties and complexities of this relationship were suggested by the Deputy Director General of DG-VI in a speech given to the Seventh Annual Grain and Oilseeds Market Conference in late 1991. Deputy Director Roberts was to comment on this occasion:

"We are engaged in two major and interrelated negotiations at the same time, one on behalf of the Community with the rest of the world and one within the Community. I have described the GATT and the Community's internal reform negotiations as interrelated and so they are in the sense that whatever is agreed in the GATT will have to be reflected in our domestic policy and in the sense that we recognise in our reform proposals that, whilst we expect to maintain a major presence on world markets, we can't look on those markets as an infinitely elastic means of externalising our internal surplus disposal problems. But...the reform of the CAP is not externally driven. It is a process of change driven by a domestic need to bring our own agricultural policy into line with current realities and current policy objectives [7]." (cf Henkels, 1992: 63)

Significantly, agreement on the Commission's proposals on domestic reform eluded the member states until May 1992 weakening the Community's position in negotiations ahead of the Draft Act, and frustrating external agricultural negotiations in the immediate aftermath of its unveiling.

5.2. CAP REFORM & THE "DUNKING" OF THE DRAFT FINAL ACT

5.2.i. After Brussels: picking up the pieces

Subsequent to the ill-fated Brussels Ministerial, the US continued to insist on specific

commitments on reductions in tonnage (of subsidised exports) but these were again resisted by the Community given the implications of quantity reductions on domestic producer prices. Informal discussions began in early 1991 between the United States and the European Community in the hope that the agricultural issue could be resolved but U.S. negotiators became increasingly frustrated with the inability of Commission negotiators to solidify apparent improvements in the Community offer in the face of the constraining roles played both by the German and French agricultural ministries and by increasingly activated European producer groups and farmers' unions. There had been a massive demonstration by European farmers in the streets of Brussels during the December Ministerial, and the basis of the MacSharry reform proposals (outlined in the early part of the year) had been received with universal hostility by the national farmers unions including the United Kingdom's "moderate" national body, the NFU, which called for an alternative system of excess production levies.

With formal work resumed in the summer after U.S. President Bush had secured final extension of fast-track negotiating authority, hopes were raised with a progressive softening of U.S. demands on support reductions. However, although it was reported late in the year that the U.S. was now prepared to accept a minimum 35% reduction in export subsidies and additional 30% cuts in domestic farm supports and border protections (albeit over a more demanding five-to-six year period), the gap between American demands and Community consideration persisted. The US was still arguing for a deal leading to real, quantifiable cuts in export subsidies and one that it could sell to its increasingly protectionist Congress, whilst the EC continued to resist concession beyond the offered 30% cut in farm supports with no separate commitment on limiting total export subsidies. Furthermore, arguments over this long-standing issue were now fully tangled with controversy over the EC's insistence on exemptions or "green-lighting" for particular types of domestic farm supports (notably the compensation payments envisaged under the CAP reforms), over methods of tariffication and "rebalancing" (demands to rebalance tariffs upwards on some non-grain feed ingredients), and over Brussels support of a safeguard mechanism under

which countries would be allowed to protect domestic suppliers against unexpectedly large import volumes.

With the significant movement in the U.S. position on farm supports and its abandonment of the earlier 'Zero-2000' platform, it was progress in these areas that now appeared critical to observers and negotiating officials. Throughout on-going negotiations in The Hague and Geneva (late 1991), the Community proved defensive though over re-balancing (and of its apparently protective intentions with respect to non-cereal food stuffs) and particularly intransigent over the plight of compensatory payments made to EC farmers, such as those made for the setting aside of land. Whilst Commission negotiators were to maintain that agreement here could settle the remaining differences over domestic farm supports, encouraging the member states into more detailed offers on export subsidies, no agreement could be reached in these contexts or in summit-level discussions in Washington between President Bush and Commission President, Jacques Delors.

At this juncture (late 1991) several pressures to conclude negotiations were being felt by the Community. The new regional trading arrangements (RTAs) both in Europe and the United States left the Community's executive with a clearer sense of the requirement of new strengthened multilateral rules and codes reconcilable with its regional initiatives and of new pressures to reconcile not only CAP reforms with GATT agreement but also with the agricultural provisions of its new RTAs (see chapter six for more here). GATT contracting parties (including the Community) were being repeatedly cautioned by the General Secretary of the GATT, and when negotiations were relaunched (post-Brussels) in June 1991, the decision of the overarching TNC committee was to conclude the Round successfully and finally by the end of 1991, a decision which would lead to the Dunkel Text or "Draft Final Act".

Such pressures to bring the Round to a conclusion certainly contributed to a much-altered background to negotiations during this period but were evidently insufficient to prompt the Community into the final set of concessions necessary. The reality

remained that the Community was simply unable to take the necessary steps and that the member states were still far from reconciled with one another and with the Commission's promotion of domestic reform and international settlement. Several EC member states rejected the agricultural component of the Dunkel Text outright and the protracted inter-institutional debate over it ensured that no significant progress was to be made until the summer of 1992 when CAP reform agreement gave fresh impetus and direction to delayed external negotiations.

5.2.ii. The Dunkel text: the Community perspective

The Dunkel text itself was a principal landmark on the way to final settlement and, as with all of the other areas and issues concerning Uruguay Round negotiators, entailed Chairman Dunkel's attempt to facilitate final accord by proposing a draft sectoral or issue-based agreement (the draft agreement on textiles and clothing was considered in chapter four). The key choices made by Dunkel to complete the draft agricultural agreement were: gradual and phased reductions of 20% in domestic farm price support; a 36% budget reduction and 24% quantity reduction in the volume of subsidised exports, all over a period between 1993 and 1999. In addition to these commitments, the Draft Final Act called for new discipline on market access based mainly on the concept of tariffication. All non-tariff barriers (quotas, variable levies and waivers etc.) on agricultural products would be tariffed or transformed into tariff equivalent (TE) and be reduced by an average of 36% with a minimum reduction of 15% (1993-99) on each tariff line. The Draft did not allow for direct income payments to farmers to be permitted as they could not reasonably be decoupled from production.

In the build-up to the Draft Act, EC trade diplomats complained that there negotiations were made effectively impossible by the public voicing of French governmental opposition to any accord based on volume-based reductions for export subsidies and any further concession to Washington. Prime Minister Cresson for example was reported on Dec. 19th as having accused the Dunkel text of supporting

US views, "without any regard for European interests," even before its publication ! [8]. Given the "mixed approach" to cuts in export subsidies characterising the draft final agreement therefore- Dunkel attempted to straddle the French preference for reductions through budget outlays and the American preference for volume-based reductions- and the stress on "full tariffication", the Dunkel text was always going to risk outright rejection by the Community and forceful condemnation by the French in particular.

With respect to export subsidies/competition, the Community inevitably rounded on the prominent role given to Washington's advocated method of reducing subsidised export volumes and, with particular concerns for wheat production, signalled an argument over the quantity of reductions judging the Dunkel figure of 24% to be too high. On market access, although the Community could accept the overall orientation of tariffication, it was unacceptable that in the Dunkel Paper no provisions were made concerning rebalancing. The Community remained insistent that the more severe affects of export subsidy cuts and import barrier reductions should be ameliorated by measures necessary to stabilise imports of non-grain feedstuffs or cereal substitutes, i.e., the fixation of tariffs on EC imports of oilseeds and corn gluten, and to dispose of cereals stocks. On market access, the suggestion that import barriers on each product should be reduced by a minimum of 15% over six years and that imports should total at least 5% of domestic consumption by 1999 was deemed to be entirely unacceptable. Finally, on domestic supports, the suggested 20% cut in domestic supports by 1999 was less of a problem for the Community than what would count in the 'green box' of permissible subsidies/measures protected from such progressive reductions. Under the Dunkel plan, and anathema to the EC, this list of permitted measures did not include the compensatory payments to farmers linked with set-aside programmes, payments which the Community sought to employ in reforming its costly 'support price arrangements' within the CAP. Despite Dunkel's insistence that these were trade distorting payments, the EC argued that it could not make the cuts, much less sell them to its farmers [9]. Dunkel's "green box" was simply too restrictive and these

integral Community measures should not be likened to the more distorting U.S. deficiency payments.

The EC's rejection of the Draft Agreement on Agriculture was formally expressed at speed. After a weekend meeting between the 12 and US officials following the presentation of the 'final act', the Community's officials publicly accused the formula of leaning too far to US demands and of not including partial agreements reached in the recent phase of intensive talks. Mr Ray MacSharry, the EC agriculture commissioner was then quoted as saying: "We are a political and economic force in the world, and one that is expanding. We are not going to be walked over by anybody" [10] and, on the very eve of Christmas 1991, EC ministers were reported as having formally declared the Draft Agreement as "unacceptable" and "in need of modification" [11].

The 'final act' had proved, in many ways, a desperate attempt to break the impasse. Gatt parties including some from the Cairns Group of agricultural exporters, had been applying intense pressure on Washington, Brussels, and on the GATT Secretariat in Geneva, and such parties were intensely frustrated with the Community rejection of the accord and by the description of the text by a senior Commission official as "...asking us to crucify our farmers, for absolutely no benefit at all to the world market for farm produce" [12]. Such statements and vitriolic comment from national centres such as Paris, clearly angered the U.S. administration along with most of the members of the 14-strong Cairns Group. The Community's demand for a reopening of the farm talks on the basis of the unacceptability of current proposals was widely attacked, but the Community's pressures remained just as much with its "internal" divisions as with "external" criticism and appeal. In a period of torturous inter-institutional dealings and painful policy development, the Commission sought to establish a mandate for negotiations leading to the "modification" of the agricultural component (amongst others) of the Dunkel Text. As Gardner highlighted in the Financial Times (03/03/92) however, after slow progress in the weeks following the unveiling of the text, the Commission's headache reached its climax at the meeting of agriculture and trade

ministers on March 2nd, when the member states were seen to be in complete disarray over the priority issues for future external negotiations. Here, France along with the UK, Denmark, Holland and Belgium, saw a principal need to renegotiate the provisions on subsidised export volumes and value-cuts in export restitutions, Germany stirred most over the snub given to the Community's calls for freedoms to re-balance protections and thereby to control US cereal substitute exports, and others appeared to prioritise progress on compensation issues. Evidence was later to suggest that Germany, Italy and the Southern member states, with the support of the agricultural directorate, were to be more directly satisfied by the tack of Community negotiators which was to float the idea of compromise over export volumes and subsidy reductions given some form of freeze of cheap grain substitute exports to Europe (Germany's demand) and progress over farmers' payments [13]. However, though the Commission's perspective remained that CAP reform itself would solve many of the problems over export subsidies, it was to attempt to mollify those concerns over export subsidy constraints by insisting that volume cuts could not be delivered at the same rate of application product-by-product but would have to be realised through "aggregation". This would mean that volume cuts would be delivered by a sectoral approach rather than by tariff-line, enabling the EC to cut more, say, on skimmed milk powder and barley, and less on higher added value products such as cheese and wheat.

This task of securing a clear mandate and direction for the re-opening of external talks was now complicated by the escalation of a bilateral EC-US argument over the Community's oilseed regime and by the need to move forward with the domestic CAP Reform Programme. Given the "pollutant" quality of the oilseeds row over this period [14], progress may in fact have been unrealisable without a domestic breakthrough over the future of the CAP. Attention to CAP Reform had been frequently displaced by key external negotiations in the final months of 1991 and progress with internal negotiations had again been frustrated by hard-line positions in several EC capitals,

notably in Paris and Rome. United States Trade Representative, Carla Hills, was identifying internal EC differences as the root of deadlock in farm talks during this period, and The Financial Times (07/05/92:004) was to report her summation that:

"Since the problem is agriculture, and that is the impediment that has to be swept away and the Europeans have the broom, we have to wait until they have a consensus as to how they are going to treat with it".

5.2.iii. The agreement on CAP reform

Breakthrough in internal negotiations over the CAP then appeared to be critical to success in external negotiations. Only CAP agreement could pull together the member states on some of the outstanding issues and Commission officials, including the Agricultural Commissioner Ray MacSharry, believed that such agreement would demonstrate the Community's commitment to agricultural trade liberalisation, create room for a possible settlement, and clarify, to international parties in particular, the practicable limits to which the Community would open up its agricultural markets.

In May 1992, an agreement was finally reached in the EC Farm Council on the further reform measures earlier proposed by the agricultural directorate. Formally settled by the EC Ministers of Agriculture on July 1st and widely heralded as the most far-reaching since the Community began, the reforms actually aimed to improve the working of the CAP by cutting subsidised prices and levying automatic cuts on over-production, by moving support for the agricultural sector to a combination of assistances to producers in the form of various income **and** price supports; and by promoting the direct compensation of farmers for price reductions and for the setting aside of their land on a per hectare basis calculated on a past average yield rather than on future output. The centrepiece of the agreement was a 29% cut in cereals prices compensated by decoupled aid based on past yields. To qualify for this aid (to the total tune of £3 billion), all but the smallest farmers would have to set-aside 15% of their land previously devoted to cereals, oilseeds and proteins. As a consequence of the cereals price cuts, the prices of livestock products would be reduced to reflect the reduction in input costs, with compensation, subject to headage limits, being paid to

extensive producers who would gain less than intensive ones from the input costs reduction. Price cuts would average 15% for beef and poultry, and 5% for dairy products, whilst milk quotas would be reduced to bring the market back into balance. The new decisions would be put into effect during the marketing years 1993/94, 1994/95, and 1995/96, with final agreement very similar to the original MacSharry plan.

This programme again divided the member states and pitted the Commission not only against the member states (and principally the Italian and French Farm Ministries) but also against the powerful farm lobby which, through national institutions and Euro-confederations, protested at the substance and direction of Commission proposals which "would introduce more cuts in three years than the Draft Final Act required in six" (Hopkinson, 1992). Though in deciding reform, the Council eventually followed the three main guidelines laid down by the Commission- substantial price reductions, full and on-going compensation, and implementation of measures to limit the use of factors of production- agreement followed only certain amendment to the Commission proposals and extensive consultations between the Commission, the EC Farm Council and Coreper. The final Farm Council meeting itself ran on for an incredible fifty hours. Notably here, cereals price would be cut by 29% rather than 35% and the Council decided to strengthen measures designed to protect the environment, to promote the use of agricultural land for other purposes, and to encourage certain categories of elderly farmers to cease farming. Fierce controversy raged between the EC institutions and their constituents in particular over the level of price cuts and over compensation arrangements, which appeared to be modulated in favour of the smaller firms. The limit to cereals price cuts would lead to later problems for France in particular.

A review of negotiating processes reveals that the separate national actors pursued and defended a range of interests and positions, many of which had "hardened" in advance of formal Commission proposals (Tracy, 1991:005) and reveal the direct influence of national farm lobbies. Germany sought to maintain high price levels,

preferring supply controls to price cuts with the German farmers union (dominated by cereals producers) putting considerable pressure on the government to limit cereals price reductions. France balanced concerns over growing national budgetary contributions with a fierce defence of export subsidy quotas and an opposition to softer price cuts for cereals, whilst northern member states reacted unfavorably to the modulation aspects of the proposed compensatory arrangements (which if enacted would favour smaller farms relative to their typically more efficient, larger farms) and generally opposed Germany on cereals prices. Again it is clear that the UK government's attack on the modulation aspects of the mark one (initial) proposals was driven by the intensive lobbying efforts of the NFU, which enjoys constant access to the agricultural ministry. Finally here, the Southern member countries demonstrated "an interest in reforms that would shift funds from price support on northern commodities such as cereals, milk and beef, to structural measures" (see Tracy, 1991:005-06).

The central points here do not of course lie with the details of these positions but with reflection on the processes of mediation and settlement, and their effects. First, the development of Community agri-trade policy was inextricably tied to these internal deliberations and the torturous nature and protracted length of these negotiations (a full year-and-a-half between the Commission's Reflections and Council agreement) imposed effective limits on the ability of external Community negotiators to represent a united European view on key issues in external negotiation and to convince external parties of its "good faith" during a period of incremental and reactive external policy development and bitter commodity-based disputes (principally the so-called "oilseeds war"). Second, that conversely, internal agreement on CAP reform radically altered the grounds for Community trade policy development and diplomacy in this sector, providing eventual demonstration of the Community commitment to sectoral liberalisation and establishing a clear basis from which it would endeavour to secure external agreement. Critical here was both the radical nature of the reform programme and the now powerful notion of "GATT compatibility". Whilst CAP reform meant the Community could now meet the requirements of the Draft Final Act with some

additional measures necessary in relation to the beef sector, the principle of compatibility had steadily emerged as a fundamental of internal processes and policy elaboration and as part of the "bargain" struck with the more reluctant member states in reaching CAP Reform Agreement. It now appears that agreement was made possible only by the Commission's assurances that a further effort would not be asked from European producers in concluding the Uruguay Round (outside of the beef market), as well as by the manifest movement in both the French and German positions. It is worth noting here that Germany's concession on cereals had been sweetened by special arrangements for the Eastern Lander linking compensation to future production and by achievement of the right to keep paying a national income support measure parallel to an expiring 3% VAT rebate.

Though the issue of "compatibility" effectively became headline-making only after the the agreement reached with the United States in November 1992 and though the Commission first formally presented its views on the compatability issue in its "Communication on agriculture in the GATT negotiations and the reform of the CAP" (SEC(92) 2267, November 25, 1992), the underlying assumptions were firmly established then by the point of CAP reform agreement. Indeed, Commission services had carried out an in depth assessment of the effects of its CAP reform proposals with the results of "in house" econometric forecasting models compared with other model results available, such as SPEL (developed by the University of Bonn) and MISS (developed by INRA/ENSA). Consequences were already being weighed against the net effects of the adoption of the Dunkel Text, when evaluations were modified to incorporate the effects of the key agreement reached with the USA in November 1992. This was the next significant step on the road to final agreement.

5.3. NEGOTIATING BLAIR HOUSE

5.3.i. Blackholes, green boxes & the forming of a bilateral settlement

Though the major reform of the Common Agricultural Policy effectively "set the stage"

(Guyomard et al., 1993) for the bilateral settlement between the United States and the Community, this settlement itself was only painfully reached and only after a further period of Community disunity and institutional gridlock had delayed the conclusion of the Round.

Though the Americans were reasonably quick to respond to the EC's breakthrough- in June, Washington was declaring a preparedness to extend the time period for the requested 24% volume cut in subsidised exports and to 'greenbox' the EC compensation payments for its self-imposed price cuts- these offers did not bring quick success. The summer was dominated by the escalation of the EC-US oilseeds row and by Community insistences that the central US demand of a 24% cut in subsidised exports was not only excessive but that universal application was unacceptable. Under the weight of these pressures and of persisting internal Community differences over possible terms of settlement or "retaliation" (Washington had escalated the oilseeds row by producing a unilateral hit-list against \$2bn worth of European food exports), key talks continued to breakdown without agreement including G-7 talks at Munich in July.

The Community's internal divisions over external negotiations, including those over the oilseeds row, were once again manifest in an institutional gridlock. Despite agreement on CAP reform, the EC's executive could "clearly not establish a single voice around which to seal the silence of its diverse member states" with a public sense of internal executive divisions fuelled by the comments of Commission officials and such figures as Parliamentary vice-president, Sir Christopher Prout, who publicly bemoaned a "stalemate rooted in institutional deadlock" [15]. The member states and the Commission itself were not only divided over the issue of oilseeds compensation but were also unable, for a period at least, to settle internal differences over possible formulas for volume reductions for subsidized exports. Whilst the Dunkel provisions had no effective support, sections of the Commission and the member states were reported as being divided over different forms of settlement varying from a 24% cut with 10% swings in annual progression to that target, to a UK proposal for volume

cuts to be limited to 21% at the end of six years with "swings" limited to a much lower threshold (in line with the American stance on progression). Any sign of compromise over export subsidy volumes or oilseeds (including the separating out of oilseeds from the arable crops sector) was a particular target for a French administration attempting to navigate a September referendum on the Maastricht Treaty. Soisson and the French Agricultural Ministry, pressurised if not co-opted by the powerful French farm lobby, were also immensely angered at the targetting of French products in the US "hit-list" (e.g. wheat gluten, wines and rape seed oils), and by what appeared to be Washington's benign neglect of the U.S. dollar value. For the United States, this experience was as frustrating as the intractability of now relatively minor differences in bottom-line positions, the EC likened at one point by US Agriculture Secretary, Ed Madigan, to the "keystone cops" for its paralysing and, by implication, almost comedic internal disarray [16].

A number of developments and evident "pressures" now appear central to the more positive outcome of the closing months of 1992. Fast-track authority for the U.S. administration to gain ratification of a GATT Agreement was due to expire early in the new year whilst the fading Bush administration sought to boost its re-election chances by securing a last-gasp deal before the November 03rd U.S. election date. On the Community side, and particularly following the narrow yes vote in the Maastricht referendum in France in September, DG-VI appears to have stepped up its attempts to build majorities inside the Commission and to test German tolerances for French obstructionism during the window-of-opportunity between this vote and the build-up to French legislative elections in March 1993. This of course with the guarantee that the framework of CAP reforms would not be breached. Prospects were seen to be brightest before the year's end bringing with it a change of personnel in both the U.S. administration and in the Commission itself. In addition to this, Washington's decisions to select from its summer "hit-list" the equivalent of \$300-350mn worth of EC foodstuffs for punitive tariff penalties (after the Brussels breakdown in October) and to "introduce" those measures within thirty days (after the later collapse of talks at Chicago), both preserved the possibilities of an eventual deal (averting a bilateral

trade-war) and pressurised EC negotiators into a final settlement before an imposition date of December 05th [17]. Finally, but perhaps of greatest significance, in the final quarter of 1991, progress was made over oilseeds and on three major fronts still separating the parties in the GATT talks- export subsidy volume cuts, the rebalancing of import restrictions, and the plight of EC compensatory payments- differences were now only microscopic. By October, reports suggested that official talks had produced settlement in principle on the greenboxing issue and that agreement on a formula for subsidy cuts was almost secure. Between the mid-October discussions in Brussels and those in Chicago in early November, further progress was made with a narrowing of the argument over re-balancing and market access. And although further progress was still to be made on oilseeds - the US continued to press the Europeans to reduce their subsidised oilseed output from 12mn tonnes to 9mn or less whilst the Community defended a mark of 9.5mn tonnes realisable under CAP reforms- U.S. negotiators now at least appeared to have abandoned the demands of their own domestic lobby for a 7mn tonne limit.

None of these pressures/developments however brought the EC and US to a quick and easy settlement and though these clearly gave a new momentum to the process of settling the bilateral obstacles relevant to the agriculture talks in the Uruguay Round and to the indirectly linked transatlantic quarrel over oilseeds, "closure" remained frustrated. Certainly, the initial ability of negotiators to bridge the remaining gap was limited by the still significant differences over oilseeds as well as by several counter pressures. Amongst these one would inevitably count the destabilising effects of the oilseeds row itself (including those related unilateral threats and counter-threats), the continuing differences on other farm-based issues (such as the brewing dispute over American wheat dumping and adjustment of the U.S. export enhancement programme), as well as the tensions generated by wider trade disputes including the escalating row over U.S. steel duties. Fundamentally, however it may be argued that a lack of unity in both the domestic positions of the U.S. and EC and the susceptibility of negotiating positions to the pressure of activated farming communities or essentially co-opted actors, continued to remain the principal obstacles to final settlement.

During the Brussels (October) and Chicago (early November) bilateral discussions it is now recorded that the U.S. negotiators in particular were warded off premature settlement over oilseeds and outstanding market access questions by the US farm bureau. Though there is no comparable evidence of Community negotiators taking urgent phone calls from lobby group principals at the very points of possible agreement [18], it is abundantly clear that during the October discussions, the French agriculture minister was effectively mandated to block agreement and that a direct concern of both Paris and the Commission Presidency (see below) was the political consequence of facing the National Assembly and "monde rurale" with a series of further concessions to American negotiators. These principal "internal" fissures, between on the one hand France (and lesser sympathisers) and a Council majority, and on the other between the Community's agricultural negotiators (headed by MacSharry) and a Commission minority coalesced around Delors, were perhaps the clearest betrayal of the persisting internal differences characterising the volatile relationships at the EC's highest echelons. It was these differences, first-and-foremost, that limited the Community's room for manoeuvring in these bilateral talks and though final settlement was eventually secured at Blair House on November 20th, including the settlement of the oilseeds dispute, this followed only after MacSharry's building of a majority coalition inside the Commission, after bitter acrimony between MacSharry and Delors, and at the conscious invitation of Council (and certainly French) challenge to this pre-agreement.

This whole period of policy development represents a classical illustration of the intra- and inter-institutional dynamics at the heart of the Community's policy-making on sensitive commercial questions and beyond. In particular, the Community's management of the "crisis" that ensued over three critical weeks in November provided definitive illustration of the major policy effects of the Community's internal divisions and of the consequences of the systemic constraints placed upon the Community's negotiating arm. Central here was the hand (if not always direct authority) of a disparate "final scene cast" including, most noticably, Mr Ray

MacSharry, agricultural commissioner, Mr Frans Andriessen, external affairs commissioner, Mr Jacques Delors, commission president, and Msrs. Soisson, Kiechle and Gummer, agricultural ministers of France, Germany and the UK respectively [19].

In the immediate build-up to Chicago, though the evidence was that the Community was still divided over the degree to which American insurances could be respected, the overwhelming view amongst the member states was that MacSharry should do all that was necessary, in respect of the compatibility principle, to settle the outstanding questions. Allied to this was an effective ministerial rebuff of what Koopman (1992:253) has described as "adroit French arithmetic" proving that a concession to the Americans in the oilseed dispute would demolish the basis of the EC reforms of May. Within the Commission however, MacSharry was brought in to opposition with external affairs commissioner, Frans Andriessen, and with President Delors. On the one side here Andriessen appears to have advocated settlement with the United States on the grounds broadly offered during the October talks in Brussels in October, personifying DG-I's fears of an escalating bilateral crisis and a collapse of GATT negotiations. Whilst MacSharry is now clearly understood to have considered this to have been too much of an accommodation, the greater clash was to come with an increasingly interventionist Delors who, at the opposite end of the Commission spectrum, seemed to be siding with France over the farm question, arousing suspicion of favour-courting with his domestic audience and a pandering to fiercely active producer interests [20].

The explosion of this argument came with the collapse of the Chicago talks, due centrally to a final U.S. insistence on oilseed tonnage reductions rather than acreage limits and followed by Washington's announcement of likely first-tranche countervailing duties of 200% on \$300mn worth of Community exports. Gardner (F.T. , 06/11/92:003) perhaps best describes the essence of this argument in his immediate post-Chicago observations:

"Mr MacSharry let it be known that he regarded Mr Delors' periodic interventions as little short of sabotage..Senior EC officials confirm Mr Soisson's claim that Mr Delors phoned Mr MacSharry in Chicago to

express his opposition to the deal then taking shape. The Commission president is also understood to have said that two member states would veto such a package - invoking overwhelming national interest - and that he would oppose Mr MacSharry inside the Commission...In the event Mr MacSharry was left at the altar by Mr Madigan, and the Commission had no Gatt package to vote on. But on his return, Mr MacSharry appears to be trying to put Mr Delors on the spot." [21]

Though this effort was to involve MacSharry's own brief resignation from negotiating responsibilities, from inside the Commission, and with the no small help of the effective embarrassment of Mr Delors, it is now clear that MacSharry garnered the support of a Commission majority and encouraged the emergence of an Anglo-German alliance in the Council to both revive the package almost secured at Chicago (though with an acreage based deal on oilseeds compatible with CAP reform outcomes and not set tonnage limits) and to block a French move, backed by Spain, Belgium, Portugal and Greece, for early reprisals against Washington's post-Chicago announcement of "suspended" punitive tariffs on \$300mn of European exports [22].

The conclusion of Blair House therefore culminated a period of development in Community policy and diplomacy influenced profoundly by internal Community developments, bargaining and "politicking" and by the force of argument and personality of an agricultural Commissioner shortly to be lost to the Commission in its change of personnel in January 1993. To focus on the detail of this agreement for a moment, Blair House certainly represented an evident improvement of terms for the Community (over and above the Dunkel Text and those offered at Chicago), entailing agreement that: the Community's compensatory payments under the reformed CAP would be decoupled from the 20% internal support reduction; a peace clause would be inserted into any GATT text reflecting an agreement to refrain until 2003 from measures such as countervailing duties or "actions based on nullification or impairment of GATT rights"; and that a 21% figure for the quantitative cut-back in the volume of subsidised exports (reductions achieved over six years) would be substituted for the earlier 24%, thus alleviating much of the Community's concern over its future cereal exports. In addition, the deal on oilseeds involved no tonnage ceiling, only a sown area limit identical to the 5.128m hectares envisaged by CAP

reform (suggesting an output limit of 9.7mn tonnes on previous year yields), with dispensation to grow oilseeds for non-food use and an overall set-aside guarantee of just 10%, below the 15% set by CAP reform.

Some of these and other elements of the settlement package were however to quickly attract the criticism of Paris, which was to formally register its opposition to the bilateral deal during the EC meeting of farm ministers held December 14-16. France, as before Blair House, continued to insist that only an 18% reduction in subsidised export volumes would be CAP compatible (thereby disputing the Commission's central insistence of CAP compatibility) and rallied against other noted features of the package including the ceiling on oilseeds production for non-food usage and the Commission's acceptance of Washington's undertaking to simply monitor exports to the EC of its cereal substitutes and to provide formal consultation in the face of import "surges". Despite this, Blair House was to survive, if a little scathed, until the curtains fell on the Uruguay Round farm drama twelve months later in Geneva. The succeeding section provides brief review of this period of events again giving illustration to the complex domestic roots of EC policy.

5.3.ii. Last dances, missing partners

The Blair House settlement raised immediate possibilities for the resumption and now conclusion of the multilateral negotiations of the Uruguay Round. Though the Commission would be forced to defend its thesis that the deal was within the terms of its mandate (i.e CAP compatible) for an effective twelve-month period, and though the challenge of "multilateralisation" was still to be faced, Geneva based negotiations would be resumed in January with separate issues such as audio-visual services, anti-dumping and steel taking over from agriculture as the final obstacles to the conclusion of a global package.

The Community debate over agriculture in this twelve-month period was effectively played-out over only partly-visible ground and in traditional Community style with a

final series of compromises including largely cosmetic re-negotiation of Blair House and an assortment of Community pay-offs and sweeteners to select member states. Full Commission endorsement of a CAP-compatible "Blair House", which had effectively settled internal executive differences, along with Germany's prominent hand in the drafting of elements of this deal, appeared to have left France as an isolated campaigner against Blair House and as the effective impediment to agreement on any future legal text or farm chapter within the EC's council of ministers. This public impression was repeatedly conveyed by the reportage of the period including headlines of such nature as *"France ready to veto farm deal"* and *"France warned on oilseeds deal"*. In truth, several member states would seek a modification of domestic regimes and at the fringes of Blair House, concerned over domestic implications for such sectors as beef (Ireland), oilseeds (Spain & Italy), milk, cereals and cheese (others), whilst the Bergevoy French Government (pre-March 1993) and the succeeding Balladur Government were both to be very much involved in a protracted phase of "political arm-waving", playing for time to defuse agitation within the monde rurale (particularly the Bergevoy Government before its March election test) and the laying of ground, in classical EC fashion, for future Community pay-offs.

With respect to the positions of France and the other member governments, impressions gained in interviews across 1993 lead me to first contend that France under the Bergevoy Government would do nothing to hasten its demise or to defuse a major political problem for its soon-to-be-elected conservative opponents, and that both the Bergevoy and Balladur Governments felt that given Germany's qualified sympathies for the French position and modest net support within the council of ministers, that the best result might entail a further delay in the presentation of legal texts, the winning of end-game concessions, and adjustments at the margins in both the CAP and Blair House accords. It was after all a failure to go for deeper cereals price cuts under the CAP reforms (in the face of German opposition) that continued to limit French cereal exports without subsidies and thereby contributed to the enduring argument over subsidised export restraints. Germany, though giving little truck in the councils of foreign and farm ministers to French complaints until the September

special council (see subsequent commentary), trod a fine line between, on the one hand, heading off any French veto and supporting Commission claims vis-a-vis compatibility, to, on the other, mollifying its erstwhile neighbour and colleague as well as its domestic farmers union. Elsewhere, the member states were effectively divided into those member states objecting to any back-tracking on the deal (e.g. outgoing Council Presidents, the United Kingdom, the Netherlands, and new Council Presidents, Denmark) and those looking for the further satisfaction of commodity/crop -based concerns (Ireland, Greece, Italy and the Iberian countries).

Turning to the Community executive, and its stance post- Blair House, throughout the course of policy development charted in this chapter, the Commission's efforts to manage the Community's agri-trade policy and relevant negotiations have been seen to have been evidently frustrated both by internal divisions (crystallised in the MacSharry-Delors saga) and by a lack of adequate room to manoeuvre given the provision of typically restrictive mandates and/or the determination of certain member states to prevent any concessions being made. Throughout this final period, though agriculture was to remain a case where such problems fundamentally limited the Commission's room for leadership and its effective authority on trade questions, the Commission appears to have operated both under a greater degree of internal cohesion and concentrated leadership. Both DG-I & DG-VI appear to have operated under the assumption that a re-negotiation of Blair House would play, first-and-foremost, into the hands of a new American administration progressively unveiling its trade policy and that any re-negotiation would be akin to the opening of Pandora's box. Both Steichen, the new Agriculture Commissioner and the avowedly liberal, Brittan, new external relations Commissioner, would therefore resist any pressures for new negotiations and defend any challenge to the Commission's general conclusion. This remained that the commitments of a future GATT agreement along the lines negotiated with the USA could be met (outside of beef markets) within the framework of CAP reform [23].

The Commission's caution was a clear one. In the words of its new Agricultural Commissioner, Rene Steichen::

"We should all remember that it took seven years of negotiation to reach the stage of the Blair House Agreement. Do those people both inside and outside the Community who call into question this agreement really believe that it can be improved upon ? I would say to those outside of the Community, we have reached the absolute limit in terms of our contribution towards a GATT deal on agriculture. Critics within the Community should seriously question whether it is in agriculture's interest to unravel this agreement...We should be aware that failure to respect one part of that which was negotiated in Blair House may have implications for other parts of that agreement and therefore for the Uruguay round as a whole." [24]

Its position brought it therefore into direct argument with Paris, and at points an Irish Republic, over CAP compatibility claims, and left DG-VI under considerable pressure from national farmers unions such as FNSEA and from Euro producer associations such as COPA and the European Confederation of Agriculture (CEA). Whilst active demonstrations in Strasbourg, Brussels, Paris and elsewhere raged across the new year and in the autumn build-up to the Uruguay Round's final conclusion, on the eve of the meeting of the special European Council of Foreign and Farm Ministers of 20th September 1993 for example, the CEA reiterated its long-standing position that "the Blair House compromise and the Dunkel proposals" were "...not acceptable in their current form, and that their consequences would be far-reaching and harmful for the farming sector in the Community and the EFTA countries". Here, as earlier, the CEA, like COPA itself, re-affirmed a commitment to the concept of Community preference, the application of Community preference entailing "a rejection of tariffication and of the proposed reduction of export volumes and the widest possible application of minimum access." (see appendix 8).

Given such "internal" polarity, the Community's route to resolution of outstanding differences - cosmetic renegotiation of Blair House, separate concessions to member states vis-a-vis CAP disciplines, and a strengthening of commercial defences- can neither be seen as surprising or unusual in European policy terms. The all-party rejection of Blair House in the French National Assembly, its precarious political position, and the growth of violent public demonstration against Blair House and the

Gatt farm chapter at the end of 1992/start of 1993, certainly left the Beregevoy Government with no political option other than to contest the Commission's basis of settlement with the Americans over agriculture. Whilst the Balladur Government moved the terms of debate within a few short weeks of coming to office - securing a compromise over oilseeds (see below) and shifting the emphasis of grievances to services issues- it could ill afford a conflict with the powerful farming lobby which had traditionally figured as a supporter of the political right in France. It quickly communicated to its Community partners a choice between Gatt deal modification or rejection. France's domestic position/politics required therefore some form of late address within the terms of an understanding (characterising a Community majority) that Blair House could not be unravelled. To heal this split, as Watson and Moutet were to observe in *The European* (09/09/93:001):

"The Community's tactics would involve financial concessions to French farmers, warnings of the wider issues at stake, particularly for French industry, and a willingness to consider French plans to strengthen Europe's commercial defences against unfair competition."

Right until the September "jumbo council", the Commission sought to use such measures as a means of securing a face-saving compromise with France, whilst resisting the formal re-opening of the agreement. This as Barber would comment in the *Financial Times* (22/09/93:008), would not only jeopardise agriculture itself but would tie Sir Leon's hands in negotiations on other unresolved Gatt areas such as market access, textiles, steel and intellectual property.

These Commission tactics certainly played a part in the settling of differences over the oilseeds element to Blair House but the pursuit of "clarification" and "modifications" to Blair House (seen legitimately by US Trade Secretary Mickey Kantor as effective "renegotiation") would be forced upon a frustrated Commission alongside its series of mollifying internal measures. A Commission announcement in May 1993 of increases in the compensation paid to farmers for the setting aside of productive acreage had brought France on-board over oilseeds after the Commission and Council Presidency had first been forced to delay the presentation of a legal text, but the Commission's

September announcement that the EC "set-aside" subsidy would rise from Ecu45 to 57 per tonne, based on the land's previous yield (an extension of the earlier decision) did not succeed in settling Paris' concerns over the Gatt farm chapter. Maintaining its opposition to the Dunkel text as modified by Blair House, France informally and formally, in terms of an official memorandum to the Commission and member states (see 'AgraEurope' 1560, 17/09/93) attacked several elements of the EC-US farm deal including: schedules for the 'phasing' out of excessive subsidised export volume reductions, the absence of aggregation for export commitments, effective restrictions on the disposal of cereals stocks, and terms applying to corn gluten feed imports from the US. At its requested meeting of EC foreign, trade and farm ministers (September 20th,) it effectively secured a Council authorisation of renewed talks with the United States to address these issues. The "jumbo council" communique, concerning the broad state of the Uruguay Round negotiations, both endorsed its "...determination to secure the necessary improvements in the overall agreement in order to safeguard the Community's essential interests" and offered a formula of words with respect to agriculture, inviting the Community's executive arm and trade negotiator, the Commission, to "seek further interpretation, clarification, or amplification" of the contents of the Blair House agreement.

This carefully bridged compromise, and the substance behind it, again reflected the policy effects of evident disunity within the Council and the complex qualities of inter-institutional processes within the Community system, as relevant to commercial relations/negotiations. On the former front, Germany once again avoided a crisis with its principal Community partner, offering sympathy for certain French complaints (e.g. over the disposal of cereal stocks) and taking opportunity to advance national concerns with respect to set-aside requirements and cereal substitute imports. Other member states, including Ireland, demonstrated their concerns with aspects of the EC-US deal, Dublin over beef market provisions and the commitment to reduce meat export volumes on a product-by-product basis, whilst the UK and other Northern countries, though in flat opposition to a breaking of the EC farm budget and of Blair House, appear to have accepted that there was leeway for further discussions. On the

second front, it is now clear that the Commission, and its Trade Commissioner, Sir Leon Brittan, played a critical role around the September jumbo council in facing down an initial list of extreme French demands (and the French Foreign Minister, Alain Juppe) and in bridging the diverse positions and priorities of the member states. Nonetheless, the outcome was that a largely unsympathetic Commission would be forced to present to the new USTR Mickey Kantor a "shopping-list" influenced by France and to a lesser extent Germany, Spain and Ireland, that represented a challenge (diluted or otherwise) to "integral elements" of the EC-US deal and an effective appeal to the United States "for it to solve the Community's internal political problems" [25].

Further discussion of Blair House at this late stage of the Uruguay Round was not therefore representative of a change of policy on the Commission's part but of the requirement within the Community system for its executive to take instruction and mandate from the Council of Ministers, and of the complexities and inherent difficulties in negotiating on behalf of often divided member states. In actuality, the period of these discussions again illustrated the Commission's commitment to Blair House, its faith that the Americans would not let a deal pass, and its long-standing assumption that final horse-trading over agriculture would be inextricably tied to the "end-game" settlement of other Gatt issues. Though Washington's initial position was that it would not "re-negotiate" (see 'AgraEurope' 1567, 05/11/93), the NAFTA vote in the US was an initial obstruction given a domestic debate over trade liberalisation effects, and in the final weeks before the Geneva conclusion to the Uruguay Round some technical changes and other modifications to the complex of commitments reached under Blair House were finally made. Though the EC accepted a lack of progress over aggregation and corn-gluten imports and gave ground outside of agriculture (principally on industrial market access and tariff protection) the Blair House revisions met several of the French and, to a lesser extent, German, Spanish and Irish grievances over Blair House I. The US's climbdown meant that: Europe's existing stock-pile of cereals would be exempt from the export commitments under Blair House; that 1992 would function as the base year from which subsidised export reductions would commence (not from the 1986-89 average); that the US would limit

its beef dumping on international markets; and that the EC-US peace clause would run for eight and not six years. In market terms, the principal gain of these changes would be the Community's ability to export another 8mn subsidised tonnes of cereals over six years.

Presented in terms of a "Blair House II settlement" in sections of the media, this compromise effectively ensured that the process of the Uruguay Round agricultural negotiations could finally be brought to a conclusion, though the agricultural text would not be completed until the very end of the negotiating process, folded into the final agreement as a truly ground-breaking component of an un-paralleled global package. The Cairns Group having initially reserved its position on the EC-US Blair House agreement, offered little resistance to the multilateralisation of the EC-US deal. Amongst the factors encouraging the Cairns Group countries and other GATT contracting parties to accept the modified Blair House accord, were not only the still liberalising effects of the deal (subsidy reductions, tariffication and improved market access commitments etc.) and its contribution to higher future food prices and farm sector investment, but also the extent to which it unlocked the door to a final Uruguay Round settlement (Anderson, 1994). This of course would bring with it stronger multilateral powers (including the WTO) and improved settlement procedures as well as a stimulus to global growth. Final French support could be bought by the Community in its settlement on new trade defence instruments (see chapter three on this) and by the further concession that France's farmers would be additionally compensated if, because of Gatt, they should have to take more land out of production than envisaged under CAP reform.

5.4. EC AGRI-TRADE POLICY FORMULATION: FURTHER REFLECTIONS

The preceding analysis has then provided full account of the agricultural negotiations of the Uruguay Round and, within this, of what one commentator has called "the agricultural poker game" played out by the European Community and United States. The central issue in this analysis has been that of the Community's own policy

development and this final section provides some concluding reflections on the political economy of EC agri-trade policy. A number of features to the Community's policy development have been centralised in this analysis with the pivotal conclusion that a dense network of external and internal policy roots can be seen to have operated throughout a period betraying the policy effects of both "exogenous" (external politico-economic pressures) and "endogenous" factors (financial, institutional, ideological, inter-governmental **and** bureaucratic). The instinct therefore to recount or to explain this history in parsimonious or uni-dimensional terms emphasising domestic/international macroeconomic reform pressures *or* international political hegemony, intergovernmental politics *or* the political economy of special interests (popular accounts of these negotiations adopt such simple character) is to be resisted.

It is clear that once EC governments accepted that liberalisation in non-farm goods and services trade under the Uruguay Round would be conditional on liberalisation in farm products trade, then the political cost of agricultural liberalisation would be weighed against the gain of political support from industries benefitting from greater market access abroad (Anderson, 1994). At the same time, the Community was pressured to accept a process of multilateralised agri-trade liberalisation by a combination of international market pressures (including a widening gap between internal and world farm-products prices and dwindling European competitiveness) and by powerful international political pressures. The Cairns Group of producing nations was insistent that the Uruguay Round would not yield effective results without progress on agriculture, and not only did the United States demonstrate great ambitions for agriculture in the context of a new round of MTNs (raising the stakes with its maximalist initial negotiating position), but its recent movements in agricultural policy (including a significant increase of domestic farm-assistances in the early eighties) had put pressure on the CAP budget and had increased international agri-trade disputes/tensions.

Nonetheless, though this combine of 'external' pressures appears to have contributed to the rationale for the Community's acceptance of agriculture on the UR agenda and

its limited set of aspirations for these negotiations, the balance of investigation shows the central importance in EC agri-trade policy-making of all of those domestic "roots and structures" in Community policy-making highlighted in chapter three and of a series of internal financial and structural pressures to reform the CAP, including the massive surplus Community stocks overhanging the market. Therefore, in a necessarily multi-dimensional account of dense and various policy roots, attention is drawn to the policy effects of several forces. Analysis has highlighted the importance of internal-institutional structures and processes; inter-institutional and inter-governmental bargaining processes (as manifest here principally in the EC's Farm Council); and of internal ideological heterogeneity and the force of individual or collective values (seen here in competing attitudes towards market management and towards the "monde rurale"). It is also clear that policy formulation has encompassed significant network processes of dialogue, consultation and lobbying between numerous policy actors; and interlinkage between domestic market structures and international market structures. Note here not only the set of economic calculations underpinning market reforms but the repeated contribution of negotiations over CAP reform to external policy and diplomacy, and the structuring qualities of the Community's embedded and institutionalised agricultural regime.

It is the "power" exercised in Community agri-trade policy development by this range of domestic-structural factors that is ultimately inescapable.

First-and-foremost, the evidence considered with respect to policy development over the last decade demonstrates the consequence for policy, and the speed of its evolution, of the European Community's own internal divisions and of the complex policy-making structures and processes through which "unity" is fashioned- the essence of Community policy-making. The analysis provided has offered repeated illustration of the policy effects of inter-institutional conflict and bargaining (including that between the Council and EC Commission) and of competing national interests. It has been clearly shown that policy unity and pro-active policy-making in this domain has been frustrated by the play-out of conflicts and competing interests between the

member states themselves and that the inability of certain member governments to make concessions over agriculture with respect to external negotiations was manifest in both the strained nature of given Commission-member government relations (e.g. relations between Paris and Brussels around the period of the Blair House settlement) and in the effective constraints placed on the Commission in its external dealings (at Heysel, at Chicago, and in the countless Geneva based discussions).

Such realities of Community decision-making in this field have been given fair and full presentation in this chapter but we find something of their essence in the words of former European agricultural commissioner, Mr. Ray MacSharry. In an interview with the FWN Washington Bureau in May 1992, MacSharry was directed to the staggering total of fifty hours it had taken the EC's Agricultural Council to reach political agreement on these proposals and to the remaining task of formally adopting implementing regulations (a process commenced on 30 June 1992). Mr MacSharry was drawn to conclude:

"I prepared this policy which had to go and be examined carefully by the Commission as a whole and they approved it. Now its being negotiated through the Council of Ministers. I'm delighted to see that while there has been some adjustments to the 'Mark One' proposal, the fact is the broad thrust, approach and philosophy contained in the original is still intact: The question of making European produce more competitive...The process is a difficult one. Each country has its own priorities. Some will be concerned about cereals, some about beef, all about dairy, some about tobacco, others about sheepmeat and so on. There's hardly a product after cereals that each and every member state would see as its priority. One has to take all of those things into account and see what you can do and make any adjustments during negotiation to help overcome those difficulties for individual member states without upsetting the overriding fundamental principles that the Commission had presented...[Y]ou find that member countries have different opinions and that's why it takes up to fifty hours in the final lap". [26]

The processes depicted here are of deep and protracted inter-institutional dialogues and decision-making exercises in which policy actors are seen to defend, promote and articulate often separate economic interests and in which policy proposals pass through a series of formal steps before possible acceptance. The bargaining is presented to us as torturous with the role of the institution of the Commission of paramount importance (tabling initial proposals, adjusting recommendations and

proposals, and brokering internal differences). Indeed, the Commission is seen to act as both initiator and broker in the context of separable member state divisions and interests, defining and defending its own policy course and "overriding principles"- here to make the EC products more competitive- and reconciling the member states both with each other and with the broad direction of Commission proposals.

There is however nothing in this statement that suggests the reality of intra-Commission differences as a political reality. There is again ample evidence to suggest the requisite of decomposing the Commission itself. Rivalries and dissonance between DG-1 and DG-VI were observed in the definition of the Community's opening negotiating position in the Uruguay Round talks and the intra-Commission wrangles around the period of the Blair House Agreement have been well documented in this chapter. Such divisions may not be as substantial in consequence for the pace and form of policy development as those of an inter-institutional variant but have nonetheless featured as an important factor in the development of agri-trade policy over this period. Those negotiating with the Community at least perceive the meaning and possible consequences of such divisions and one expression of this fact is found in the interpretation provided by a Brussels-based American trade officer:

"On big issues the Commission seems consistent but when you deal with the small issues it happens occasionally that DG-I becomes a basic ally because they have an interest in resolving the disputes whereas DG-VI's interest is in protecting the market. If things are getting blocked up in DG-VI we can sometimes go to DG-I and say 'look, you've got to do something about this and turn the screws'." [27]

It is only through a process of "institutional mapping" and "process tracing" that the nature and effects of these policy influences can be adequately detected and conceptualised but it is equally clear that the evidence of this chapter also suggests that in understanding such differences and in making sense of the inertia and conservatism that repeatedly grips Community policy in this domain, that we must extend our processes of boundary setting and process tracing to that fuller range of identified policy "stakeholders" and network processes. Within that policy network of course we should count the institutional bodies engaged in the provision of expertise

and market analysis to Commission officials (see the earlier comment on the Commission's use of external research findings in establishing the compatibility thesis), but we are instantly directed to the political role and institutional presence of both Euro-level and national-level farm unions and confederations.

In development of this point, the CEA and COPA can be seen to have maintained a regular dialogue with DG-VI throughout the period of the Uruguay Round negotiations. And, if the end-result of the WTO Agreement on Agriculture seems to question the degree of power and influence often assumed of the European agricultural lobby, then this says more about the capacity of the Community institutions to manage Community policy in the face of several different interests than it does about "the end of special interests". The WTO Agreement on Agriculture preserves the bulk of modern agri-protections and the Community's policy never represented a departure from the defence of the basic mechanisms and principles of the CAP, a policy indebted to the political influence of the European farm lobby and to an evaluation of the needs and interests of national farm-sectors affected by the powerful political voice of national farm unions such as FNSEA. It is in fact overwhelmingly clear that the processes of national policy formulation (especially in France and Germany) continue to demonstrate the influence of the farm lobby in national and therein, European Community politics. Aspects of Germany's management of these issues - e.g. its reluctance to accept key tenets of the MacSharry reforms, its hard-line over the transatlantic oilseeds dispute, and its backing of France over the Blair House "clarifications" - appears to demonstrate the political effects of those pressures exerted on the Federal Government by the main German farmers' union (this represents more than 90% of German farmers) and the degree to which the Christian Social Union (CSU), the Bavarian partner in the CDU-led coalition, has "significant backing from farmers in its Southern German power-base". For this reason, and given still strong links with civil servants, "...their demands must be taken into account." (Maitland, F.T. 15/09/93: 10). The French farm lobby differs in its divisions (the FNSEA remains the main national body but there are several smaller bodies headed by the more hard-line Co-ordination Rurale) and its faith in mass

demonstrations and public disruptions, but its influence is even greater. Much has been made in this study of the degree to which successive Paris Government's have been boxed-in by the political power and disruptive influence of the main and wildcat farmers unions and the agricultural ministry in Paris can be seen to have maintained a near permanent dialogue with the mainstream FNSEA union over the period in question. Earlier analysis has given an impression of the fact that the French farmers took to the streets in the build-up to near all of the major decisions over CAP Reform, Blair House and the Uruguay Round, and that the farming interests of the monde rurale have come to enjoy "tacit support from the government because of the tenderness of their political relationship" (Gardner, F.T. 15/09/93: 10).

Just as these points re-affirm the role of institutional structures and dynamics and of both national and special "interests" in European agricultural and agri-trade policies, so the emphasis given to the political role of ideas in the earlier commentary of this thesis is given support by the example of Community agricultural policy and its related commercial aspects. In addition to an emphasis on conflicting policy ideas (see sections 5.1-5.3) and their institutional translation, it has also been a central observation that the development of Community agricultural policy appears to have been attached to a series of prevailing ideas either within the policy-making community per se or within key institutions or constituencies.

First, whilst it is clear that the rural romanticism of France is not really matched in the other EC countries, it is equally clear that:

"Given the centrality of the rural and agricultural aspects of West European culture, and the fact that most of the population are reminded of this by seeing farming and farm land when they travel beyond their immediate locality, there is a huge sympathy for the farm way of life." (Winters, 1994:46)

The "idea" and "cultural place" of agriculture ensures that the pursuit of economic objectives is qualified by other objectives, however difficult to define, in the thinking of Commission officials, of Ministers of the Council and of the people they represent.

Agriculture in the EC is not only an economic reality, it is also a social and cultural concern, not just in the sense that the policy-making elite have to take into account the socio-economic conditions of our countries but to the degree that they must respond to deeply felt and widely shared views on the place of agriculture in society.

Second, in its executive management of the Community's agricultural policy and of related trade negotiations, it is evident that the Commission operated under a series of "ideas" or "perceptions" which proved impactful upon the course of its policy proposals and negotiating strategy. Several points may be stressed here, a perception amongst Community negotiators that GATT Secretary General Arthur Dunkel was too sympathetic to American positions over agriculture (see Croome, 1996), an initial view that principal negotiating partners had come to the Uruguay Round with unrealistic aims as to what could be achieved in agriculture, understandings of the policy interests of the member governments themselves, and a prevailing attitude in DG-VI that "in trade policy matters, the direction in which the process is heading is much more important than the pace" (see MacSharry's report to the European Parliament, 13/12/90). It was perhaps the following ideas with respect to agriculture and trade policy however, that were the most fundamental to the Commission's management of these processes.

The Commission was certainly clear that given the internal and external pressures addressed in this chapter that reform of the CAP and related "sacrifices" was an imperative rather than a choice. DG-VI appears to have operated under a prevailing idea that Community agriculture needed to be made more competitive, that production levels needed to be reduced, quality enhanced, farm supports diversified, and budgetary pressures alleviated. To quote Derwent Renshaw of the agricultural directorate in a speech to a London audience on CAP reform and Uruguay Round outcomes, the Community's agricultural directorate had come to firmly believe that "the reform of the CAP would necessarily ensure that our farmers here in the EU would pay more heed to the laws of supply and demand" and that this presented new opportunities in external negotiations.

The speeches of senior agricultural officials around the period of the CAP reform proposals and negotiations give clear suggestion to a Commission view that the degree of changes and costs should not be exaggerated and that compensation would represent a fair return for the necessary changes in pricing and production. Tied to this, the Commission appears to have consistently believed that its own CAP reforms could be fitted into a compatible and potentially reinforcing Gatt framework. This encompassed not only its "compatability thesis" but also the sense amongst the Community's most senior agri-crats that the securing of a balanced GATT agreement and the insertion of its internal reform process into a multilateral context, would safeguard it from erosion from within and without. Finally here, it is equally clear that the Community's agricultural policy-maker's remained firmly attached to the recognition of the specific character of agricultural production and trade and, that given the considerable political sensitivities attached to agricultural trade liberalisation, that there must have been no challenge to the principles of the CAP or its reform, no second set of demands on Europe's farmers, and final recognition in the Gatt of the CAP and its fundamental mechanisms. It was the Community's constant insistence and the Commission's clearest view that agriculture could not be treated in isolation and that it must form a part of a balanced and acceptable global package. The Commission was certainly under no illusions that its efforts to construct an agricultural text would be questioned and tested until the very end-games of the Uruguay Round itself.

*

In conclusion then, the centralisation and account of these domestic "policy roots and structures" and the investigatory power of an institutionalist mode of trade policy analysis, offer an insight into the political economy of Community farm trade policies comparable to that made in conceptualisation of European textiles-trade policy (see chapter four). Through an open-institutionalist mode of investigation, centred on

exercises of "institutional mapping" and "decision-process tracing", analysis has culminated in a powerful account of the institutional, ideo-cultural, inter-governmental **and** bureaucratic contexts of EC commercial policy-making, and their mutual relevance to an understanding of at least one further "sectoral" expression of European trade policy. This is not as "a substitute" for alternative forms of investigation, including what Nedergaard (1993) describes as a traditional political economy approach centred on the political role of agricultural interest coalitions, but represents an alternative emphasis and starting-point.

It is fully evident that recent policy history again suggests the operation of international-level and societal forces (to return to that earlier account of competing levels of analysis in policy studies), but an account of the form, nature and progression of Community agri-trade policy over this period must work with this understanding and not "rest upon it". How does an emphasis on the exercise of United States leadership in the context of the Uruguay Round or on domestic interest aggregation and the short-run political costs of farm trade liberalisation, lead to an account of those factors identified above and emphasised throughout sections 5.1-5.3 ? This can be most satisfactorily achieved via an historically-grounded, multivariate approach which, above-all-else explains policy and policy change in terms of a primarily internal "institutional story" of structural organisational powers and competences, institutionalised conflict and compromise between identified policy actors (in the face of their divergent interests and policy ideas), and of protracted multi-levelled bargaining and incremental policy development. This is a fact again reinforced in the subsequent chapter's movement to a principal element of the EC's regional trade strategy.

CHAPTER FIVE NOTES

[1] The precedent for making farm programmes exempt from GATT was set by the United States. In 1955, it requested and obtained a GATT waiver which allowed it to use import quotas or fees as required under Section 22 of the U.S. Agricultural Adjustment Act (Hillman, 1985). Discussions on agriculture characterised the early GATT Rounds- EEC-US Agreement on Oilseeds and Soyabean access came at the Dillon Round (1960-62) for example- but a large gap between the protection and free trade approaches to farm policy was effectively unbridgable from the 1960s onwards with the European (Economic) Community attached to its CAP regime and refusing to go beyond the idea of negotiating levels of support and organised world markets. Tracy (1989) and Meyer & Josling (1990) provide thorough accounts of the place of and arguments over agriculture at the succeeding GATT Rounds, but even by the time of the Tokyo Round (1973-79) agricultural discussions were frustrated and minor-scale with attention purely directed to remedial solutions for problems in individual markets which remained strictly "organised".

[2] The Single Market allows for the free movement of agricultural products across and between the member economies on the basis of common prices, common rules on competition and central administration by the EC. The principle of Community Preference gives priority to the sale of EC produce via extensive regulation of imports, levies and customs duties, possible price subsidisation and market intervention. Since EC prices are higher than those on world markets, the CAP must protect domestic producers and the internal market against cheap imports and fluctuations by the use of such means. Within this there is considerable variation. Though common prices, external barriers and market interventions are used to control agricultural production and to stabilise markets in general terms, external protection and intervention covers about 70% of agricultural production in the EC and external protection without intervention about 25%. In the former cases, protection through levies and customs duties is combined with the formal maintenance of EC prices above certain minimum levels. Specific agencies exist for key Community products like cereals, milk powder, beef and veal which buy up supplies when at their highest so as to stabilise market prices.

[3] This group of producer exporters takes its name from the Australian city where they first met in August 1986. The group's total farm exports exceeds the combined total of European and American exports.

[4] Less than 7% of the total European workforce are now dependent on the agricultural sector for employment. Though there is considerable variation within this average figure, in countries like Greece, Ireland and Portugal, the agricultural sector contributes between 20 and 30% of total employment whilst in Germany and the UK less than 5% of working adults are employed in the farm sector, there is an overall decline in numbers of both agricultural workers and farmholdings.

[5] Interview at United States' Trade Mission, Brussels, November 1993.

[6] Speech by Deputy Director General DG-VI, Mr D.F. Roberts delivered at the Seventh Annual Grain and Oilseeds Market Conference. Excerpt from Speaker's Notes (20/11/91), C.E.C DG VI Documentation.

[7] Excerpt from Speaker's notes (20/11/91), C.E.C. DG VI Documentation.

[8] "Paris quick to oppose Gatt conclusions", F.T, 19/12/91, p.3.

[9] "EC feels pressure on Dunkel farm draft", F.T, 23/12/91, p.3.

[10] "Fresh row on farm subsidies threatens Gatt deadline, F.T, 23/12/91, p.1.

[11] "EC ministers reject Gatt solution", F.T, 24/12/91, p.12.

[12] "EC unmoved by Dunkel doctrine", F.T., 10/01/92, p.3.

[13] "Delors may intervene over trade talks", F.T., 02/04/92, p.5.

[14] The EC oilseeds programme and subsidy system was ruled GATT-inconsistent by a panel in 1990. Although the EC reformed the system in 1991, a reconvened panel found that it had failed to meet its GATT obligations. This ruling led to renewed efforts by the United States to secure compensation and further action by Brussels in modifying its oilseeds regime. Between 1980 and 1990, EC producers had more than tripled the land area devoted to EC production of rapeseed, soyabeans and sunflower seeds, hitting US exports of oilseeds to dramatic effect.

[15] "Hopes fade for quick end to Uruguay Round", F.T, 01/07/92, p.5.

[16] "Curtain set to fall on Gatt drama", F.T. 18/11/92, p.7.

[17] The announcement of November 5th, following the collapse of the Chicago talks and the Democratic victory in the U.S. Presidential elections, was that the U.S. would impose within thirty days punitive tariffs to this equivalent value on certain EC food exports. The source was of course the earlier "hit-list" drafted by the office of the United States Trade Representative, with a selection of targets so as to pressurise France and Germany in particular.

[18] On the evening of October 12, Mr Ed Madigan, US Agriculture Secretary is reported to have taken an urgent phone call from Mr Dean Kleckner, head of the US Farm Bureau, after which he said a deal was not possible.

[19] "Curtain set to fall on Gatt drama", F.T. 18/11/92, p.7.

[20] "Heseltine accuses Delors over trade deadlock", F.T. 24/10/92, p.1.

[21] "US and French Farm lobbies deprive world of Gatt deal", F.T. 06/11/92, p.3.

[22] "French defeated on move for US trade reprisals", F.T. 10/11/92, p.1.

[23] "CAP Reform and Gatt Compatibility", CAPGAT A1Doc., 10/02/93, C.E.C. DG VI Documentation.

[24] Speech by Mr Rene Steichen, Commissioner for Agriculture and Rural Development, delivered at the 12th Annual European Agricultural Conference of AGRA-EUROPE, London. Excerpt from Speaker's Notes (24/02/93), C.E.C. DG VI Documentation.

[25] Interview with Agricultural Official, United States Trade Mission, Brussels, November 1993.

[26] FWN Washington Bureau interview with Commissioner MacSharry, May 28, 1993. Near-verbatim transcription of interview, C.E.C. DG VI Documentation.

[27] Interview with Agricultural Official, United States Trade Mission, Brussels, November 1993.

CHAPTER SIX: THE "EUROPE AGREEMENTS" & THE POLITICAL ECONOMY OF EC REGIONAL TRADE STRATEGY

INTRODUCTION

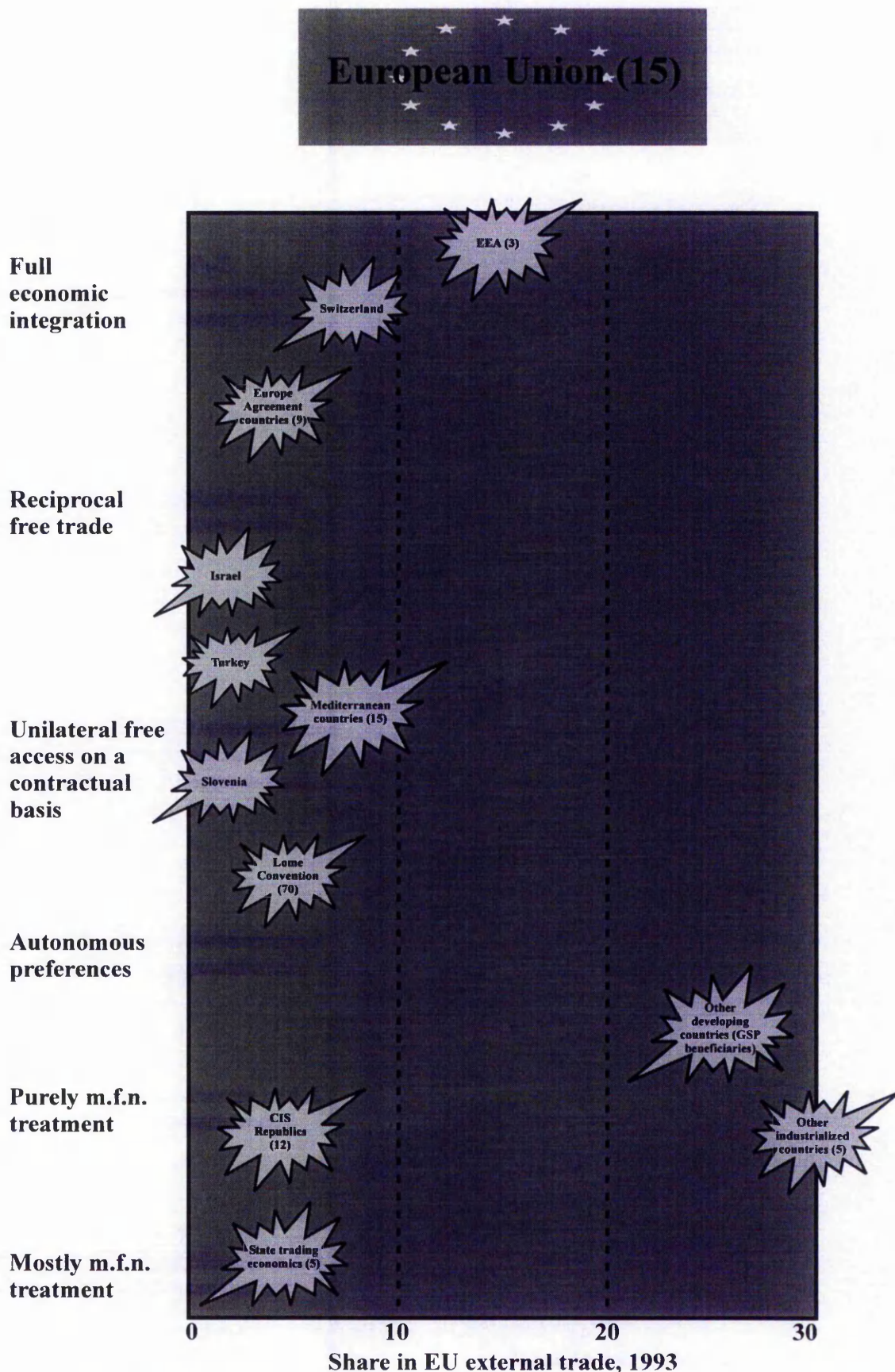
The fundamental re-ordering of the European political economy necessitated by the collapse of Soviet hegemony over Eastern Europe has presented profound challenges to policy-makers in Western European capitals, in Brussels, and in the "new era" administrations of the former economies of the Council of Mutual Economic Assistance (CMEA). From the perspective of both Eastern and Western parties the restructuring of pan-European relations in a post cold-war environment is essential to the long-term stability of the continent and raises fundamental questions about the shape and balance of the new European architecture. As a key aspect of this "re-ordering", this chapter centralises and investigates the progressive movement to new frameworks for economic and commercial relations, over the period 1988-1996, between the European Union and those Central and Eastern European countries (CEECs) to have concluded so-called "Europe Agreements" of Association. Whilst this rapprochement in commercial and broader terms raises key questions with respect to the geo-political balance in Europe, the future of European Union membership and organisation, and about processes of industrial restructuring and adjustment (both within the EU and the former CMEA grouping), the focus here is upon these agreements as a major outcome in respect of Community foreign economic policy. The opportunity is taken to progress analysis to a concrete example of Community trade policy and policy management at the regional level, moving beyond those testing examinations of the Community's multilateral trade policy-making and diplomacy characterising the preceding two chapters of this thesis.

It is to be recalled that the present thesis, in pursuit of its central interest in the understanding of Community trade policy formulation, is concerned both with Community regional and multilateral trade strategies, or aspects of them, and that

the Community has been identified as progressing and co-ordinating analytically separable but fundamentally inter-related "regional" and "multilateral" trade strategies (Howell, Gwynn & Gadbaw, 1992:425-430). It has already been argued in the context of thesis introduction that an EC regional trade strategy exists *de facto* in the management and aggregation of trade policy and diplomacy with regional partners in the context of the construction of an integrated and hierarchically-ordered European commercial space. The Community began to shift in the late 1980s towards emphasis on a more uniform system of cross-sectoral regional trading arrangements and away from a system based on individuated bilateral and sectoral arrangements, and has, over the period of the early-to-mid-1990s, consolidated and expanded a multi-layered network of free-trade, association, and other preferential agreements linking the EU with nearly all regional trading partners on "preferential terms" (see figure 6.1 for the Community's "global" hierarchy of trading preferences).

Though effectively involving a series of separate bilateral negotiations and processes, a recognisable element of this process has been "the pressure on the Community to deal with them (the regional partners) as broad classes receiving a rough uniformity of consideration rather than through particularist and obscure bilateral understandings" (Howell, Gwynn & Gadbaw, 1992:424) and the centre-piece of the Community's internal market has been placed at the heart of a mosaic of preference extensions, discriminations and graduated commercial privileges that encompass the grouping together of small sets of similarly treated regional partners (see Mercado, 1996). Principal here is an extended European Economic Area- EEA- (adding services to the substance of an earlier EC-EFTA free-trade agreement), an evolving Euro-Mediterranean economic area (the EMEA), an emergent free trade zone incorporating the EU and numerous Central and Eastern European economies, and a zone of Partnership and Co-operation with several former Soviet republics.

Figure 6.1: Hierarchy of Trading Preferences, 1995



source: WTO Secretariat calculations. As featured in the WTO's Trade Policy Review of the European Union (1995a).

Analysts have presented the Community on many occasions as "reconciling" regional and multilateral trade liberalisation (e.g. Woolcock, 1993b; Murphy, 1990a & 1990b; & Howell, Gwynn & Gadbaw, 1992) and in repeated communications to the GATT and to the EU's own Council of Ministers (e.g. COM (96) 2168 final), the Commission has highlighted the need to pursue bilateral or minilateral free trade agreements alongside multilateral frameworks and in respect of an international framework of rules (European Commission, 1996). Several reasons have been advanced by the Community executive including the need to bolster EU presence in fast growing economies, to progress and to extend regional liberalisation programmes, and so as to ensure that Community integration occurs in a way compatible with EU interests and in promotion of growth and stability on the European continent (see WTO 1995a: 18). The emergence of the so-called EC-CEEC "Europe Agreements of Association" (and of related commercial policies and negotiations) stands as a central element of this "history", representing the Community's response to the external shock of the collapse of Soviet hegemony in Central and Eastern Europe, its "management" of those primary interests above, and its identification of an alternative to immediate Union enlargement for a group of reforming peripheral states.

In the context of an analysis of this history, the present chapter then provides further demonstration of the explanatory power and utility of an open-institutionalist analytical approach to the development and formulation of Community trade policy. In focus on the evolution, negotiation, conclusion **and revision** of the commercial provisions of its association policy, those underpinning thesis arguments concerning the political economy of Community trade policy are further tested with investigation providing added illustration of the central and shaping role played in policy formulation by the Community's characterising institutional complexities and structures, the leadership and entrepreneurialism of individual institutions (centrally the EC Commission), and the mediation of competing interests, policy "ideas" and recommendations in a highly institutional-

-ised policy-making system evidencing network-based actor-interactions. As in the subject of chapter four (the EC's international textiles trade policies) an account of Community trade policy is made centralising the role of the European Commission as an institutional leader and policy instigator, promoting an association policy and programme of radical market liberalisation in the context of heterogeneous policy views and interests on the part of member governments and organised economic interest groups. As in the subject of chapter five (the EC's international agri-trade policy and diplomacy over the period of the Uruguay Round MTNs), an emphasis is placed, in explanation of policy elaboration and development, on the major degree to which process determines substance and of the profound policy effects of institutional dynamics and of the structures of state-society relations. As with both of the preceding policy studies, though these have entailed strictly sectoral analyses, analysis exposes the conservative and incremental way in which Community trade policy is elaborated and implemented, and provides powerful demonstration of the importance in Community trade policy development of governance structures (politico-institutional structures, decision-making systems and procedures, norms and arrangements for political dialogue etc.) and of the institutional structuration of a range of ideas and interests associated with a complex of trade policy actors. Though the EAs are themselves cross-sectoral and the Community's association policy has been seen to overarch a series of sectoral processes and choices (in commercial elements at least), we do again see evidence here of the relevance of sectoral networks operating and the interactivity of changes in domestic and international market structures.

Analysis is again assisted by a range of prior studies and evaluations of the commercial dimensions of EU-CEEC relations and of the provisions and effects of the Europe Agreements themselves (see, Dyker, 1993; Rollo & Smith, 1993; Okolicsanyi, 1993; Messerlin, 1992; Faini & Portes, 1995; Galinos, 1994; Winters, 1993b; & Sedelmeier, 1995). Studies of the dynamics of European regionalism (e.g. Tsoukalis, 1992; Winters, 1993a; Padoan, 1994) have also represented a useful

resource here whilst there have been a host of studies investigating the European Community/Union's changing overall relations with former CMEA economies in central and eastern Europe, including questions of trade and aid (e.g. Nello, 1991; Matropasqua & Rolli, 1994; Gowan, 1992; Kramer 1992 & 1993; & Pelkmans & Murphy, 1991). A deal of this analysis has delayed the policy-making processes of the European Union and of the commercial policy-making of the Community, and in notions of "bureaucratic and leadership incentives" (Padoan, 1994) and "competing policy recommendations" (Sedelmeier, 1995) some of this work is used directly in the coming analysis, overlapping as it does with interpretations of evidence and prevailing understandings vis-a-vis Community policy-making as manifest in this thesis to date.

As an explanatory note, whilst sectoral questions are drawn out in this analysis, focus remains on the Europe Agreements as a distinctive form of association policy and cross-sectoral commercial agreement, and on the foreign economic policy choices associated with the balance of trade and economic provisions in these agreements. It is thus the characterising features of the Europe Agreements or EAs - asymmetric trade liberalisation, select trade restrictions and protocol agreements for sensitive sectors, conditionality etc. - and the qualitative steps in their design, negotiation and revision, that are of central concern along with those underpinning pressures, choices and considerations confronting and exercising the Community's trade policy-makers. The Agreements themselves (and concentration falls on those first EAs negotiated with Poland, Hungary, Bulgaria, Romania, and the formerly united Czechoslovakia) are highlighted as symbolic of the contradictory and discriminatory dimensions of EC foreign trade policy, as a product of the complex policy-making processes of the EC and as an outcome of the autonomous action capacities of EC institutions. Policy is further seen as reflective of the institutional mediation of divergent pulses and interests (including those of sectoral organisations and principal member governments) and of lobbying pressures associated primarily with sectoral sensitivities in the EU economies. These findings are generated in a three-phased analysis commencing with account of the

emergence of the Europe Agreements and the transformation of EU-CEEC relations (section 6.1), extending into an investigation of processes of early policy formulation and elaboration (section 6.2), and culminating in an address of the conclusion and interpretation of the EAs as negotiated commercial agreements, including related policy-setting and policy-reform decisions (section 6.3). Section 6.4 provides some brief conclusions on the analysis of the preceding elements and though it is left to the overall conclusions of chapter seven to fully draw together the findings of this chapter with the overall direction and argument to this thesis, some reflection is made on the parallels with earlier investigation of textiles-trade and agri-trade policy-making in the context of multilateral agendas and processes.

6.1: THE EUROPE AGREEMENTS & THE TRANSFORMATION OF EU-CEEC TRADE

In the period of the mid- to late-1980s, economic and political relations between the EC and the Central and East European Countries (CEECs) were at a low level. Institutional relations which had been influenced in the past by the long refusal of the CMEA to recognise the EC as an international interlocutor, remained at a depressed level and a considerable part of trade with these countries was subject to both tariffs (generally higher than those applied to developing countries) and non-tariff measures (quantitative barriers or quotas, minimum prices, anti-dumping and countervailing measures etc.). The Community treated the Eastern European economies as "state-traders" discriminating against the majority of them on a negative basis vis-a-vis GATT contracting parties, and placing them squarely and firmly at the bottom of its hierarchy of trading preferences. Protections were tightest in sectors where these countries held comparative advantage such as agriculture, textiles & clothing, iron & steel. Set within the wider context of discrimination against the Soviet bloc as a whole in economic affairs, it was also EC policy to discriminate between the separate CMEA economies - note Romania and Yugoslavia's status as developing countries and access to the Community's GSP

[1]- so promoting “differentiations and centrifugal forces within Comecon” by privileging some states relative to others (Gowan, 1992: 004).

6.1.i. Market liberalisation: The early Steps

Following the weakening of the Soviet bloc in the final years of the 1980s and the early movements to political and economic reform in the region, industrial countries, including those of the present European Union, have relaxed their trade barriers towards the now former CMEA economies. The European Community advanced this liberalisation process at the greatest pace for select east-Central European economies, first through a series of trade and economic co-operation agreements (including one with the Soviet Union) and then supplementing these with further liberalisation measures, e.g. the extension of GSP status. The progression of these early liberalisation moves is well documented in several works (i.e., Hamilton & Winters 1992; Nello 1991; and Krenzler, 1990) with their basic chronology captured in Figure 6.2. overleaf. This figure also shows the time-frame for the conclusion of succeeding (‘second generation’) Europe Agreements of Association, of which there are presently ten in number and to which analysis will be shortly turned.

In terms of the modern evolution of EU-CEEC commercial relations then, it is important to make clear that the first generation trade and co-operation agreements were signed between the EC and select east-Central European states between 1988 and 1990. As discussed further in section 6.2, the Community's emphasis at the onset of this period was firmly on promoting reform of socialist systems in Hungary, Poland and Czechoslovakia and on normalising relations after a period of limited trade and an era of juridical if not political autonomy in the framing of its trade policy towards eastern Europe. These agreements, and simultaneous measures with respect to quantitative restrictions, went some way to revising the nature of prior treatment, following on from the intensification of

Figure 6.2: Trade related agreements between the EC and CEECs.

	TRADE & CO-OPERATION AGREEMENTS	FREE TRADE AGREEMENTS	EUROPE AGREEMENTS (ASSOCIATION)
Bulgaria	Signed: 08/05/90		Signed: 08/03/93 IA on trade from: 31/12/93 (1) Entry into force: 01/02/95
Czech Rep.	Signed: 07/05/90 (2)		Signed: 04/10/93 IA on trade from: 01/03/92 Entry into force: 01/02/95
Estonia	Signed: 11/05/92	Signed: 18/07/94	Signed: 12/06/95
Hungary	Signed: 26/09/88		Signed: 16/12/91 IA on trade form: 01/03/92 Entry into force: 01/02/94
Latvia	Signed: 11/05/92	Signed: 18/07/94	Signed: 12/06/95
Lithuania	Signed: 11/05/92	Signed: 18/07/94	Signed: 12/06/95
Poland	Signed: 19/09/89		Signed: 16/12/91 IA on trade form: 01/03/92 Entry into force: 01/02/94
Romania	Signed: 22/10/90		Signed: 01/02/93 IA on trade from: 01/05/93 Entry into force: 01/02/95
Slovakia	Signed: 07/05/90 (2)		Signed: 04/10/93 IA on trade from: 01/03/92 Entry into force: 01/02/95
Slovenia	Signed: 05/04/93		Initialled: 15/06/95

(1) Agreement signed with unified Czech and Slovak Federal Republics

(2) Interim Trade Agreement's bringing into force trade and trade-related provisions.

Source: Adapted from "Relations between the European Union and Central and Eastern European Countries" (Europa Web Server

@ <http://www.cec.lu/en/ngenda/eupeco.html>).

diplomatic and commercial ties. Originally, specific EC-wide quantitative restrictions (QRs) were to be gradually phased out and QRs specifically aimed at these countries and operated nationally were to be withdrawn. Non-specific QRs covering glass, footwear, toys, some machinery, leather, steel and textiles products, were to be suspended until the end of 1991 though quantitative restrictions were to be maintained in the "sensitive" sectors covered by the European Coal and Steel Community (ECSC), the Multi-Fibre Arrangement for trade in textiles & clothing (MFA) and the Community's Common Agricultural Policy (CAP) [2]. After the Paris meeting of the G-7 nations in 1989, efforts were made to improve upon these initial objectives (as reflected in the later examples), by an acceleration of liberalisation timetables and reduction in quota protections, and the extension of preferential tariff schemes under the Community's Generalised System of Preferences (GSP) to Poland and Hungary in 1990.

6.1.ii. The birth of the Europe Agreements

In the context of the dissolution of the soviet bloc and widespread moves to post-Communist governance in the 1990s, these first generation measures and agreements were quickly superseded by the negotiation of second generation agreements that were to take the form of agreements of EC-Association. These "Europe Agreements" (EAs), as they became to be known, were secured with Poland, Hungary and Czechoslovakia in 1991 (their trade provisions came into force in March 1992 through Interim Agreements) and with Romania and Bulgaria in December 1992 and March 1993 (trade provisions effective from May and December 1993 respectively). Entry into force of succeeding agreements with the Baltic States- Lithuania, Latvia and Estonia (1995)- and with Slovenia (1996) has followed full ratification by national assemblies and the European Parliament and has mirrored the course set by Poland and Hungary (Feb.01.1994), the Czech Republic, Slovakia, Romania and Bulgaria (Feb.01.1995). In their width and generosity vis-a-vis commercial provisions, and as finally amended by the Copenhagen (June 1993) and Essen (December 1994) European Councils (where

appropriate), they are significantly advanced upon first generation and present-day Trade & Economic Co-operation Agreements (present status for Albania and several former Yugoslav Republics) as well as upon the so-called Partnership and Co-operation Agreements concluded with Russia, the Ukraine and other CIS economies (see Shenayev, 1994) [3].

The basis to these agreements, in the commercial sense at least, is the principle of free trade for industrial goods within ten years. The EAs are bilateral agreements between the Community and each of the CEECs which contain *inter alia* mutual preferential trade concessions leading to industrial free trade over equivalent transitional periods. Each agreement, which in commercial element also objectifies the progressive liberalisation of trade in commercial services, provides specific timetables for the full liberalisation of trade in manufactures. Progressive tariff and quota reform schedules (for a few "sensitive " sectors and products) follow on from the immediate elimination of all tariffs and QRs on all other industrial products from the date of entry into force of IAs. Mutual FTAs will be realised on a faster timetable with the most recent EA signatories, Slovenia, Estonia, Latvia and Lithuania.

To add further detail here with respect to the first six EAs (see usefully, European Commission, 1994), the central commercial elements of the Europe Agreements, incorporating the provisions of the additional protocols secured at Copenhagen in June 1993 [4], can be summarised as follows:

- * *The establishment of a free trade area in industrial goods at the end of a transitional period the maximum length of which is defined as ten years.*
- * *The division of transitional periods into two equal and successive stages of five years*
- * *The immediate removal of all prior quotas on the date of entry into force of Interim Agreements (IAs), except for the importation of sensitive items governed by protocols I (textiles & clothing) and II (coal and steel), or as listed in annexes IIa, IIb and III.*

** Progressive EU market liberalisation, transitional tariff quotas and selective duty protections for identified "sensitive sectors" (including textiles, clothing, coal, and steel) and for other items of sensitivity covered by annex.*

** The abolition of all EU tariffs on industrial products by 1 January 1995 (excepting residual and substantially reduced tariffs on textiles and some coal and steel products).*

** Full liberalisation of EU-market access for industrial products by 1997 (elimination of tariffs and QRs) with the exception of certain textile & clothing products and certain coal products imported into Spain and Germany.*

** Asymmetric reciprocity with the associated countries phasing out tariffs and quotas over a longer 4 to 9 years- implicitly preferentially and explicitly so if any import restrictions are maintained.*

** Substantial progress towards the liberalisation of trade in services over the same ten year transitional periods.*

** Continued subjection of the Associated economies to EC anti-dumping rules and to EC safeguards, though the EU now promises (post-Essen) to give warnings before initiating anti-dumping or safeguard procedures.*

** Some quantitative restrictions for agricultural product abolished and the reduction of duties on select food imports (as detailed in agricultural texts). For most commodities, increases in tariff quota limits by approximately 10 per cent annually for the five years following the ratification of the full European Association Agreements.*

In all of these agreements improvement in EU-market access for associate partners is made conditional upon continued democratisation and marketisation and upon reciprocity of trade concessions and advantages, albeit asymmetrically. The Agreements also contain provisions for technical and economic co-operation and the approximation of laws in many areas including a commitment, on the part of the associates, to harmonise domestic economic legislation with that of the EU. Competition rules should be adopted within three years of entry into force of agreement and EC provisions on intellectual policy within a further twenty-four months. Rules of origin terms also require 60 per cent local and/or EU content if East European exports are to qualify for EC trade concessions, with the associated administrative burden of assessing the origin of all components used in the assembly process (this is often greater than the savings on imported duties) and provision for partial intra-CEEC cumulation. All related trade concessions and

economic provisions are coupled with programmes for assistance and economic co-operation, the establishment of institutional structures for bilateral dialogue, recognition of the European vocation of the signatories, and provision for the 'national treatment' of enterprises.

6.1.iii. Platforms for free trade or crumbs from the EU table ?

These agreements have significantly advantaged the Associated CEECs in terms of their trade with the EU member states and have propelled them from the bottom of the EC hierarchy of trading preferences to above a mid-range point (again see figure 6.1). Central European exports to the EU increased by an annual average of 12% over the period 1989-1993 (Faini & Portes -CEPR-, 1995) and latest data suggests that EU imports from CEEC markets in 1995 (ECU 41.7bn) increased by 23% compared to 1994. (Statistics in Focus, External Trade, 7/1996). Such increases have certainly been facilitated by the terms of the EA agreements and have helped to generate hard currency inflows needed for the purchase of western technology/equipment and consumer goods, debt redemption, energy importation and economic growth. Although the moves partly reflect a confirmation of previous concessions including the granting of GSP eligibility, they have nevertheless realised a fundamental improvement in market access compared to the pre-1989 situation.

Accepting the evident help to CEEC-export trade provided by these agreements, what is at question for CEEC governments and for several academic analysts, is whether or not the EAs do enough to open-up EU markets and to assist the reform process in the CEECs. These are issues relating not simply to the content of these agreements but also to their interpretation and implementation. The extent to which CEEC exports to Western markets have been/remain restricted under terms of agreement and the degree to which the EAs continue to subject the CEEC associates to contingent trade protectionism has prompted several analysts (see for example Mercado, 1995a; Galinos, 1993; Rollo & Smith, 1993; & Winters, 1993b) to

condemn the caution and incrementalism of the "association policy" and to challenge the present basis, application and interpretation of the agreements. There is in fact a widespread perception that the EU has not been as generous as it should have been in light of the structural circumstances and difficulties confronting the Associate partners and, taking into account the Community's own professed commitments with respect to East European partners, that the member governments, under evident pressure from mobilised domestic interests, have failed to match their rhetoric. There is also a perception that the Commission which at times has appeared something of a champion in getting access for the CEECs and in promoting the liberal case (see 6.2 on the political economy of this policy), has itself, and under not-inconsiderable pressure from many member governments, favoured exceptional treatment for the EU's sensitive sectors demonstrating a willingness to use restrictive transitional arrangements, contingent trade defences and safeguard mechanisms.

Such perceptions (see Messerlin 1992; Winters 1993b; Dyker, 1993; Galinos, 1994; and Faini & Portes 1995) tell us something about the political economy of the association policy (or at least its commercial aspect) but are primarily tied to developed charges of overdue caution in market liberalisation on the part of the EC, of selective protectionism (restrictions are most extensive in those areas where revealed CEEC comparative advantage can be seen to lie), and of restrictive implementation. The central target is typically those significant restrictions on trade in "sensitive" goods covered by special protocol agreement or by specific annexes. Those continued restraints on the identified sensitive sectors as imposed principally under protocols I (textiles & clothing) and II (ECSC products) of Interim Agreements and in the agricultural texts, represent a serious handicap for the CEECs with roughly half of EU-bound exports from the region still subject to some restraint associated with sensitive sector provisions as of the end of 1995. Not only is the coverage of agricultural texts and EA protocols at stake here- combined quota and duty protections on select textiles and ECSC-covered products until 1997, selective quantitative restrictions until 1998 in both areas, and indefinite

protections for agriculture- but also the quite varied lists of "sensitive" products in Annexes IIa, IIb and III of the first Interim Agreements. Covering basic industrial products and certain raw materials, these preserved tariff and quota ceilings for a range of listed products until 1995 in many cases. Involving specific tariff quotas or tariff ceilings, the consequence for a country like Hungary, as late as end-'94, is worth considering here. According to the evidence of a Protocol published by the Hungarian Ministry of Industry and Commerce on December 27th 1994, although all exported products apart from agricultural products, textiles & clothing, and ECSC covered goods were then free of import duty, quantitative quotas and tariff quota restrictions continued to cover not only these "special" areas (soon to be adjusted in reflection of the enlargement of the EU), but also a range of other products including fertilisers, polyethylene, PVC, rubber, float glass, radio receivers, electric bulbs, buses, furniture, watches and toys ('East European Reporter' 06/01/95:015).

It is worth noting here that the identification of sensitive sectors is something common to the various EAs under examination and has characterised other forms of Community external trade agreement representing a key part of the EU's attempt to qualify and to limit its trade concessions, at least over transitional periods. The PCA with the Russian Federation for example is particularly restrictive in that not only are the standard "sensitive" sectors (steel, textiles etc.) treated exceptionally, but the list of sensitive sectors is extended to nuclear products and space launches. Thus the new agreement will not prevent the EU controlling Russian imports in any area where it shows or is likely to show signs of being too successful.

The same analysts have also stressed that the restrictions of this nature running throughout the Europe Agreements (PCAs and other agreements with ex-CMEA states) have to be seen alongside the establishment in these agreements of clear procedures for applying safeguard measures and measures of commercial protection in the case of dumping or market disruption as well as for

implementing various defence provisions under the ECSC Treaty. Though such measures are selective and result directly from the behaviour and/or performance of the affected foreign industry, there is scope for a critical interpretation of the Community's record here. On safeguards, measures, which can be taken on a bilateral basis in case of "serious injury" or "serious sectoral disturbances in a Community region", have been enacted against the now associated partners with little notification. This is a point conceded in the EU's promise at the Essen Council of December 1994 to give warnings before initiating anti-dumping or safeguard procedures and to explain them better to authorities likely to suffer. Second there is no formal clause of appeal contained in the Agreements against possible new measures. Third, as stated by the GATT, the Community has shown an ability to act here "...in a way that seems to suggest that not only bilateral preferences but also GATT obligations can be suspended" (GATT 1993:006). And finally, though protection against illegally dumped or subsidised imports is a legitimate act of trade defence and one consistent with the unfair competition terms of GATT Article VI, it is clear that Brussels has taken recourse to a significant number of anti-dumping actions against Central and East European Associates, shielding sensitive industries from competition and creating negative spillover effects for other CEEC exporters who fear politically motivated restrictions will be placed on their goods (Winters 1993b; & Galinos 1994) [5].

It may be argued that charges of "dumping" are not difficult to make stick on grounds of pricing, subsidy support or unreasonable advantage (all of which the Community has done [6]) when these economies are just emerging from a history of massive subsidisation, are facing currency depreciations, distorted price structures at home (e.g. energy prices), and can do little else but exploit relatively low production costs/standards in processes like smelting (Dyker, 1993). We should also note that identified offenders have effectively to prove their innocence under Community procedures.

The provisions for agricultural trade (the main points have been previously stated) are also of course at the heart of criticisms of the EU's attempts to open up to CEEC goods, especially in the context of the growing sale of subsidised EU produce on Central European markets. It is here that the Community, not unsurprisingly in the context of its extensive and historically-grounded complex of agri-protections, has given least ground to the CEECs under these agreements. Up until the beginning of the Nineties, Eastern partners recorded surpluses in agricultural trade. Since then their balances have been in deficit with the sole exception of Hungary.

It is not simply that envisaged market liberalisation will not extend to agriculture but that the level of access offered is less than satisfactory and that the interpretation of provisions in the relevant protocols is geared towards minimising adjustments in the EU. Though in March 1995 the Council authorised the Commission to rebalance the agricultural component of agreements following Union enlargement and the Uruguay Round deal on agriculture, recent years have been marked by major protestation by the associated CEECs that this trade has been decidedly imbalanced and that the EU has used "back-door protectionism" to impede the import of CEEC-agricultural production. Here one may count Brussels imposition of minimum prices on polish cherries in response to a fine German cherry harvest (July 1993) and its earlier moves in April 1993 to ban imports of livestock, beef and dairy goods from associate partners after foot-and-mouth infected cattle (probably from the former Soviet Union) were discovered with mock import licences in Italy. Much has been made too of the following quarantine stipulations introduced by the EC in lifting this ban leading to a row with Poland after the Polish government rejected pre-shipment 14-day quarantine regulations for its baby-calf exports ('Financial Times' 17/06/93, pages III, 10-13). Hungary and Poland have pushed hard for early warning systems to notify their red fruit exporters of threatened disruptions to EU markets and inspection stipulations are being slowly amended to ease livestock exports. Despite such steps though, and the Commission has interestingly stopped export restitutions for certain products entering the Visegrad markets, tight quota limits and tariff duties remain in place

on a vast range of agri-product contributing to the stymieing of agricultural exports from countries holding a comparative advantage in such production.

Thus, though the Europe Agreements with the countries of Central and Eastern Europe are preferential agreements incorporating asymmetric liberalisation, meaning that the EU market was, for the CEECs, to be opened up at a relatively faster pace than the CEEC markets themselves, the asymmetry in trading flows has been to the Community's favour. Though a steady increase in imports into the EU market has been acknowledged, we have, since 1990, witnessed the emergence of an EU trade surplus with this grouping. This is a surplus which has appreciably widened since the onset of interim mechanisms for implementing the EAs and which has contrasted sharply with a continuing Community trade deficit with the newly independent states of the former Soviet Union, NIS [7]. The EU-12 enjoyed an annual trade surplus of ECU 5.56bn in 1993 with then six associated CEECs and in 1995 it recorded a surplus of ECU 6.6bn with a 23% increase over 1994 in exports to the same economies (Statistics in Focus, External Trade, 7/1996) [8]. Though a decline in competitiveness in given CEEC exports, inevitable consumer demand pressures, the EU's export-credit arrangements, and the process of CEEC market liberalisation itself are all factors of possible explanation here, the contribution to this situation of continued restrictions on imports of "sensitive products" and of contingent protectionism cannot be overlooked or underplayed. Kaminski's World Bank Working Paper (1994) reveals that increases in Central Europe's share of total EU imports have raced well ahead of increases in the region's share of total EU imports for "sensitive sectors" with much of this attributed to enduring duties, quotas and "trade defense" actions. Whilst the Community's intransigence over agriculture and other sectors is appreciable in the context of significant sectoral and political sensitivities, it has served to weaken CEEC export performance in areas where these economies enjoy a natural competitive advantage. We should bear in mind here that accounting for the accession of Finland, Sweden and Austria to the EU, external trade with the EU now accounts for roughly 70 per cent of total

external trade in the case of Poland, 60 per cent in the case of Hungary, 55 per cent in the case of the Czech Republic, and 50% in the case of Slovakia.

Brada (1994) is no doubt right in warning that if the liberalisation of trade in sensitive sectors were to be quickened or extended to a larger set of countries, then the flow of exports into the EC could become quite large and potentially "injurious" but equally, we can exaggerate the consequences of further liberalisation even in sensitive areas. It has been highlighted for example that exports of steel, textiles and agriculture from Hungary, Poland, the Czech Republic and Slovakia represent just two percent of EU total imports in these sectors (Mastropasqua and Rolli 1994:167), and a recent report published by the Centre For European Policy Research and commissioned by the European Commission, is emphatic in suggesting that the economic threat of "opening-up" is overblown. This report, authored by Faini & Portes (1995) concludes that the potential damage of Central European imports on EU steel-mills is "remarkably small"; finds little evidence that more liberal textiles trade will injure producers in the Mediterranean area, and notes that in a country like France, trade with the CEECs stands to create significantly more jobs than it destroys. Though the present analysis will shortly progress to its primary concern, namely the political economy of this association policy (commercial aspects at least), it may be remembered that higher exports are the most effective way of generating hard currency, of dealing with these countries foreign debt problems and of financing through export revenues and FDI the restructuring of these sectors and of more technologically intensive industries. They make powerful contribution to political stability and towards policy discipline and limit protectionist arguments within the CEECs who find themselves on exploratory and uncertain paths (see Mastropasqua & Rolli, 1994). High trade barriers, and barriers in those sectors where export performance is potentially strongest, equally discourage the growth of FDI flows to the CEECs (strict origin rules in the EAs are also contributory here) and in actual and potential make-up, clearly discourage risk-taking and investment in export sectors slowing the pace of restructuring.

Commission proposals for more liberal action and/or faster rates of integration at various stages have frequently been watered down by the Council (textiles is a prime example here) and it is evident that at the Copenhagen (June 1993) and Essen (December 1994) European Councils, it was the institution of the European Commission that was seen to push the member states into "giving more ground". The Commission has evolved a coherent pre-accession strategy, has finalised more ambitious EAs with the Baltic economies [9] and with Slovenia, and has progressed on the vague exhortations to liberalise audio-visual services, air-transport and telecoms markets with a series of proposals included its White Paper of May 1995 (COM (95) 163 final) [10]. It is here then that we turn directly to the establishment of the association policy, to the trade liberalisation programme associated with the EAs, and to the political economy of the Community's policy-making in this domain.

6.2. THE ASSOCIATION POLICY & COMMERCIAL ELEMENTS: A CASE OF INSTITUTIONAL LEADERSHIP ?

Attention is now turned to the political economy of the Community's association policy and to the origins of the EAs in terms of the Community's regional commercial strategy. For reasons of convenience, analysis will continue to speak of the Europe Agreements (EAs) as a collective of similarly framed association agreements, although it is to be again stressed that each agreement was concluded separately and that each agreement has specificities in respect of structure, scope and content, reflective of the needs and sensitivities of the contracting parties. Why then has EC trade policy toward Central and Eastern Europe turned on the principles of managed market integration, association, and asymmetric liberalisation ? How do we explain the Community's interpretation of EA commercial provisions as a series of adjustable concessions and not as a take-it-or-leave-it offer (witness the further liberalisation agreements of the Copenhagen Council and the clarifications of the later Essen Summit) ? And how do we explain

the eventual restrictiveness of the liberalisation policy in several key sectors given the establishment of a general framework for agreements free of reference to derogations for sensitive sectors ?

6.2.i. External change, internal choices: towards association

Analysis starts here with recall of the major external pressures upon all contracting parties to find a new basis to commercial (and broader) relations in the context of the rapid transformation of the European picture at the end of the 1980s. The widespread movement towards post-Communist governance in Central and Eastern Europe throughout the 1989/90 winter, established strong EC interest in a stabilisation policy for the region and necessitated an overhaul of existing trade relations alongside wider programmes of action inclusive of financial and technical assistance (e.g. PHARE), action to redefine the European security architecture, and inducement of reform efforts. From the perspective of the Community executive at least, the reforming Central European states were obvious candidates for a series of new policy responses, not simply in commercial areas but in terms of broader political, cultural, economic and financial relations. Amongst its wider challenges, the European Community, as then constituted, had to respond to the particular interest among Central European elites in pursuing open economic relations with the Community and in exploiting all opportunities for international co-operation leading to future Community accession .

It may be recalled at this juncture that the first generation agreements between the EC and the countries of Eastern Europe, provided a framework to allow trade and commercial and economic relations between the EC and those countries to develop. Using Articles 113 and 235 as their legal basis, these first generation agreements were seen in terms of the advancement of trade and economic relations from a low base and as a necessary Community response to tentative reform programmes in many CMEA states. During this period of policy development, the origins of which dated back to a joint EC-CMEA Declaration in June 1988 (Bull. EC

6-1988 1.5.1), the Community was careful to maintain an internal unity and, given the limited nature of the trade and commercial co-operation associated with these early deals (see section 6.1), this was not a particularly difficult task. For all of their concessions, tariff and non-tariff barriers against CEEC products would remain relatively high, the agreements were cautious in nature, and the Community was following through fairly standard procedures in its behaviour towards newcomers in the field of foreign relations. Nonetheless, in reaching Trade & Economic Co-operation Agreements with (in chronological order) Hungary, Poland, the Soviet Union, Czechoslovakia, Bulgaria and Romania (beginning in September 1988), the Community had begun a process of market opening (with significant political signals) which would be further accelerated after the Paris G-7 meeting in 1989. In 1989, the Community began the process of extending GSP preferences to Poland and Hungary (realised in January 1990) and of improving terms of access for steel, agricultural products, textiles and clothing for those early signatories of Trade & Economic Co-operation Agreements.

The scale of regional events over late 1989 and early 1990 gave unexpected momentum to this acceleration process. During the period of the middle of 1990, when the last first generation agreements were being finalised, preliminary discussions commenced for a second generation of agreements and Community institutions began reflecting on the objectives, scope and legal nature of accords which would represent further EC market liberalisation and the development of new political and economic ties. It quickly emerged that elements of these new agreements would be shared with those of the first generation deals themselves (e.g. common formats, unilateral concessions, progressive liberalisation schedules, and safeguard clauses) but would also reflect a new agenda of asymmetrically reciprocated preferences and "conditionality", the latter notion having emerged during the processes of concluding the first generation agreements (Kramer, 1993 and Jorgensen, 1993 for comment on this) and of co-ordinating international efforts in response to the emergence of the post-Communist regimes (see Gowan, 1992). Unlike the first generation trade and co-operation agreements, these second

generation agreements would symbolise a special policy approach by the Community in reaction to the changes in central and eastern Europe.

On the Commission's part, its report on association and future relations in August 1990 (European Commission, 1990a), represented the final issue of a general outline for future agreements with the countries of central and eastern Europe, calling for "a far-reaching response on the part of the Community" to the processes of marketisation and democratisation in the CEECs and recommending the development of an association policy based on Article 238 of the Rome Treaty (COM (90) 398 Final, Aug. 1990). Leading to further integration between the Community and Eastern countries, associate status, as discussed in some length in 6.1, would entail participation in a formal Association Council (the institutionalisation of political dialogue), progressive achievement of free-trade in non-agricultural products and the free movement of workers over transitional periods (eventually to be defined as ten-years periods), added to broad economic, cultural and financial co-operation. Bilateral negotiations would determine the details of agreement within these and other parameters and it was considered that the rate of progression to these second generation deals would vary from one state to another. The effective promotion of free trade and freedom of movement in the Commission's successive communications on future relations and the association agreements (Feb-Aug. 1990) and the absence of reference to special regimes (for sensitive industrial sectors) clearly revealed the degree of support within the Commission's external relations directorate for a trade liberalisation approach to integration fairly favourable to CEEC demands. It is equally clear however that the emphasis on "progressive liberalisation and increasing reciprocity" alongside the clarification that conclusions would not lead automatically to eventual membership, were a certain reflection of both the balance of member state opinion (see for example, 'Action Plan for Central and Eastern Europe', Council's conclusions, adopted 05/02/1990) and of the Commission's own stance on Community enlargement. Kramer (1993:222) has characterised this as an "integration by organized free trade" philosophy.

From the Commission's perspective, the Europe Agreements were seen internally and externally (interview with Polish commercial counsellor) as an alternative for countries wishing to join the EC but ill-prepared for it, and for current members unwilling to accept the short-term enlargement of the Community. This was a sense developed across the relevant period of external policy development effectively commencing with the pre-work and conclusions of the Strasbourg European Council of 8-9 December 1989. Consolidation upon the objective of concluding association agreements, followed debate between Community and CEEC officials in Brussels on 23 March 1990, and a series of inter-institutional Community communications in early 1990. Here, we count principally the communication from the Commission to the Council and the European Parliament (European Commission, 1990b), *"The development of the Community's relations with the countries of central and eastern Europe"* (SEC (90) 196 Final, Feb. 1990), supporting Commission communications (e.g. SEC (90) 717 Final, Apr. 1990), and the Conclusions of the Council of EC Foreign Ministers, February 05 (see Horowitz, 1990 for further detail).

Again we centralise the internal workings of the Community system and processes by which Commission proposals are assessed by the Council before acceptance or rejection. Following the Council of Ministers agreement on January 20 1990 that the Commission would prepare a paper on the question of a second generation of contractual relations with the reforming CEECs, the Commission's first paper on how future association agreements with East European countries might be structured was well received at the Council of EC Foreign Ministers in February 1990. Charged with producing more detailed proposals later in the year, the Commission worked through the mid-part of the year to produce its 'final report', securing the Council's endorsement at the meeting of EC Foreign Ministers in September 1990. In December 1990, the Council reached an agreement on negotiating Europe Agreements. It was here that the Commission secured a mandate to begin negotiations within the terms of its markedly general proposals,

though with negotiations authorised with only Hungary, Poland and Czechoslovakia. The Council had determined that Bulgaria, Romania and Yugoslavia would be eligible for such agreements if satisfying political conditions (in practice the established "conditionality principle").

Whilst providing the Commission with its negotiating mandate for initial bilateral talks, Council discussions, certainly from the point of the April 1990 Dublin Special Meeting, had nonetheless exposed a significant degree of divergence in the level of enthusiasm for the association policy across the member states. At a general level, the poorer member states on the periphery of the Community- Spain, Portugal, Ireland and Greece- gave voice to their increasing worries about how events in east-central Europe might affect them, given outlined liberalisation programmes and the potential for future enlargement, whilst Commission proposals for a network of actions and assistances framed in terms of agreements of association found good favour with a northern constellation of member governments. The Bonn Government in particular, managing its own domestic reunification process, advocated a major reduction in the protectionist barriers ranged against the CEECs but several northern member states had little difficulty in accepting a process of asymmetric liberalisation (eventually encased in all of the EAs) and in endorsing the basis of Commission recommendations for negotiations. Several of the member governments appeared driven, at this juncture at least, to promote an active policy towards the CEECs whilst Germany's powerful enthusiasm for an association policy and rapid market liberalisation has been interpreted in terms of a recognition of not only substantial economic benefits but also of the degree to which the eastward extension of the Community would tilt the internal EC balance of power further in Germany's favour, reinforcing the eastwards shift in EC focus caused by German reunification (Scharping, 1994: 008).

6.2.ii. The Commission as policy leader: action, ideas and incentives

The contrast between Germany's positive enthusiasm for Commission proposals

(and its *realpolitik*) and the luke-warm endorsement of several Southern member governments, including a CAP-defensive France, was a certain mark of the degree to which inter-governmental conflict would become a major part of future policy development. It is clear however that prior to Commission proposals, the Twelve "never really seriously discussed the options of a detailed, comprehensive, and mid-term oriented common policy towards the former socialist countries" (Kramer, 1993:222) and that it was not until the commencement of actual negotiations, and the elaboration of the details of separate agreements, that the content and roots of intergovernmental politics (as with the mobilisation of economic interest groups) emerged as a dominant factor in policy development. In establishing the basic frameworks of first the trade and economic co-operation agreements and then the 'second generation' Europe Agreements, the Commission's empowerment to initiate policy, its fall back upon established means and mechanisms for the development of foreign relations (e.g. association terms as laid down in Article 238), and the nature of its own policy preferences, appear central, along with the degree to which the Community had been "catapulted into leadership" by the dramatic collapse of communism in the eastern bloc (Pelkmans & Murphy, 1991). Given the early failings of member states to link together quite disparate thoughts and instincts and a range of external pressures necessitating a major policy response, it was the Commission executive, at the heart of the EC external policy-making system, that defined and promoted the new 'eastern' trade policy in a leadership role tied not only to its competence and authority in matters of external relations but to significant external demands. As one commentator was to put it in comment on the changing European political economy:

"One could argue that the European Community, in particular the EC Commission, is playing a major part in governing the widening and deepening processes...there has been a sudden demand for leadership both from the East European countries, which have looked to the Community as the "natural" counterpart in the implementation of their transition programs, and from the major industrialised countries that, at the 1989 G-7 meeting in Paris, officially invested the Community with the role of co-ordinator of economic assistance," (Padoan, 1994)..

In developing an understanding of this, and therein of the Commission's role as policy leader in this context, it is important to stress the central role played by the external relations directorate (DG-I) and the balance of ideas underpinning its actions and initiatives at this juncture. The EC's relations with the CEECs were, at this point, handled by a unified external relations bureaucracy and the EC's Commissioner for External Relations. Since 1989 this had meant policy control by the liberal Dutchman and former Dutch Finance Minister, Frans Andriessen, whose personal favour of early Community accession for the then Visegrad countries of Poland, Hungary and Czechoslovakia, was widely reported during the period. As is clear from preceding account of the association policy, the liberally-inclined external relations directorate supported a broad-based trade liberalisation approach to integration with a special unit managed by DG-I established for the management of the administrative side of EC-CEEC relations and for advancing general, and liberalisation, proposals.

Within the DG-I bureaucracy there was a clear perception of the advantages of enhanced trade and of increased economic co-operation with the reforming CEECs and general support for the location of this approach within policies of association. However, whilst the Commission's perspective was, with regard to central and eastern Europe, that "[e]arly approval of the goal of association will contribute to political stability, encourage the development of new instruments for co-operation and strengthen confidence on the part of economic operators" (SEC (90) 196 Final, Feb. 1990), its promotion of the association policy was not free of complexity and qualification. The Commission also revealed its continued differentiation between individual CEECs and, in particular, a major difference in its attitude towards the Visegrad countries on the one hand and toward the Soviet Union on the other [11]. As Horowitz (1990:277) highlights, within the same communication:

"the Commission explicitly expressed apprehension that, 'in the context of association, the scale of the Soviet economy raises specific questions which require further consideration'".

Given this qualification to the use of the association framework for future agreements, it is also interesting to note the Commission's repeated stress that the Europe Agreements with individual countries would only be negotiated if such countries gave firm evidence of their commitment to the rule of law, respect for human rights, free and fair elections, and for economic liberalisation. This "conditionality principle", contributory to the Council's swift embrace of the association framework appears to represent something of a departure from a prior preparedness to conclude trade and co-operation agreements with reform-minded Communist regimes. Explanation rests here both with the sea-change brought about by the dramatic events of the winter of 1989/90 and with the EC's subsequent recognition of the role that conditionality might play as an incentive for further reform and as a brake on "back-sliding". However Gowan (1992) is right to locate "the new diplomacy of conditionality" with the EC's enmeshment in an effective "network" of Western institutions elaborating an alliance-based policy for post-Communist Europe. Even on matters within the exclusive jurisdiction of the EC (notably on its import policy and its policies for external co-operation) Community policy was, as Gowan (1992: 10) argues, bound to reflect the position of the West's overall policy-making system that:

"the normalisation of economic relations with ECE countries (or the CEECs) would not be automatic...[but] conditional upon the willingness of the new regimes there to demonstrate to the satisfaction of the Western powers their readiness to plunge their countries into a social revolution from above, a total change in their social system: normalisation was made conditional upon a proven commitment towards decisive system-change measures."

This principle itself was clearly underpinned by a prevailing faith in the suitability and adaptability to the CEECs of certain political and economic conditions or tenets central to Western society and economy. To paraphrase Kramer (1992: 14-15) these encompassed "the primary foundations of a democratic system" - constitutionality, individual liberty and human rights, free and fair elections, and representative democracy- and "economic policy liberalisation steps towards the

creation of a market economy system." This again directs our attention to those ideas, values and incentives guiding Community action and constituting the operational culture of an external relations directorate charged with policy development. In extension of the above point, Kramer (1992: 12) has also stressed a prevailing Community sense that the EC and its member states had to do their utmost to prevent a failure of the political and economic transformation in the CEECs, "failure" meaning "...a degeneration of democratic approaches into an authoritarian-cum-nationalist system and/or the replacement of the former rundown state socialism by a rundown capitalism". In addition to this, it is also worth noting DG-I's anchoring of policy responses in terms of Treaty provisions and past action (notably Article 238 and the past association of Israel and Turkey) and those bureaucratic and leadership incentives applying to Commission officials at the outset of the Europe Agreements. On the former point, and briefly, the notion of association at the core of the Community's response to the CEEC reform process, lay primarily with Treaty Article 238, including the notion of reciprocated privileges. Article 238 refers explicitly to associations involving reciprocal rights and obligations. On the latter point, evaluation of DG-I's hand in the early framing of the general outlines of the association policy, may usefully include an appreciation of what Padoan (1994) has described as outstanding "bureaucratic and leadership incentives". Under this thesis, though responding to external and internal demands for a fair and responsible policy towards central and eastern Europe, the Commission's active promotion of the free trade concept and, in the association principle, of the organic integration of the Visegrad states into the EC, also reflected incentives to increase the Community's own leadership role in international relations and the breadth of its own bureaucratic responsibilities. Though it would be perilous to reduce an explanation of policy to the goal purposive behaviour of Community officials, at least as a partial explanation of the role of the institution of the Commission in this process, it would both be inconsistent with present argument to suggest anything other than the autonomous action capacities of the Commission as institution, and unproductive to marginalise Padoan's (1994:347) conclusion that the Commission's leadership

role here "cannot be explained as a purely passive reaction". For certain, in elaborating the concept of association in 1990, and in supplanting a patchwork of EC-CMEA agreements first with new liberalisation measures and then with the general outline of second generation liberalisation programmes, the Commission was far from a passive institution or conduit for competing policy prescriptions and recommendations.

Clearly then, though the commercial aspect of the association policy was to emerge in its detail, under a range of countervailing pressures and via complex institutional processes of bargaining and policy-setting (see section 6.3), an understanding of its conception rests with an appreciation of institutional leadership in the context of significant pressures and constraints. The association policy and the principle of a free trade area in non-agricultural products, was certainly conceived under a set of pressures (internal and external) for heightened regional links and security (necessitating a radical policy response), as an increment upon and consolidation of earlier policy initiative (the first generation agreements and simultaneous liberalisation measures), and under the control of a central institutional actor, the European Commission, initiating and defining the outlines of policy under the guidance of its own ideas, beliefs and agenda. The Community executive demonstrated a commitment to trade liberalisation as a vehicle for the extension of the EC *acquis* and elaborated an instrument of common policy towards the CEECs (the Europe Agreements) rooted in the concept of "association" as contained in the Rome Treaty and confronting the essential Community problem of how to accommodate its eastern neighbours. From the EC standpoint, the Commission, as led by a DG-I bureaucracy, was the dominant institutional force in elaborating the concepts of association, asymmetric market-opening and conditional application, and in designing a basic "help towards self help" (Kramer, 1992) framework for the present and future management of evolving EC-CEEC relations.

6.3. NEGOTIATING THE EUROPE AGREEMENTS: IDEAS, MOBILISED INTERESTS & THE INSTITUTIONAL TERRAIN

The prospects of full trade liberalisation between the EC member economies and those of several reforming CEECs were then firmly established by the end of 1990. The Commission had successfully orchestrated Community movement from agreements of the first generation (as referred to in Brussels) to a series of new negotiations set to realise agreements of association and to put in practice bilateral programmes of trade liberalisation leading to reciprocated free trade in non-agricultural products and new freedoms of movement. The Community was now firmly attached to its conditional diplomacy and, related to this principle, had, as an outcome of Council agreements in September and December 1990, mandated the Commission to open negotiations with Visegrad countries only, initially deferring the opening of negotiations with Bulgaria and Romania and accepting Commission cautions vis-a-vis association with an evidently decentralising Soviet Union.

What was established at this stage however was only the very principle of the Europe Agreements (labelled the European Accords at this time) and Council agreement on a "general framework" and "mark one" proposals for negotiations. The dominant political actors to date, the European Commission, its external relations directorate, the European Council and General Affairs Council (of Foreign Ministers) and, to a lesser degree, the institutionalised structure of the G-7 economies, had been coalesced around principle geo-political interests, a broadly liberal economic perspective, and a set of leadership incentives (see 6.2.ii.). The Community had really yet to confront the details of policy however, including the design and negotiation of sector-specific programmes of market opening, and though "those actors with overall responsibility for policy towards CEECs, the external relations departments in the Commission and the member states, as well as the heads of government, felt more inclined to take a more favourable attitude toward CEEC imports" (Sedelmeier, 1995:13), the subsequent negotiations would

encompass those less inclined to such generosity of access. With liberalisation prospects in place and the tasks of completing negotiations and of establishing policy content in specific areas still outstanding, the level of control over policy previously enjoyed by these senior institutional actors was inevitably to be challenged.

Community inflexibility and qualities associated with the sectorised processes in which the detail of policy was decided, did indeed bring on serious problems for the negotiations themselves and came to bear fully on the shape of final agreements. The end result, a succession of association agreements and the implementation of commercial provisions via interim trade agreements, remained consistent with the general principles and framework devised by DG-1 but betrayed the considerable extent to which the content in specific areas had been shaped by the political influence of an expanded range of active policy actors/interests including private actors attempting to counter the weight of political arguments in favour of rapid liberalisation. DG-I's general outline of a framework for European accords did not envisage, for example, a special regime(s) for sensitive industrial sectors nor a safeguard clause including special reference to regional or sectoral disturbances (see Sedelmeier, 1995:12) and yet the final EAs, as endorsed by the General Affairs Council, were to be characterised by Community refusal to open markets for the few products made competitively by the CEEC markets and by considerable scope for contingent protection (see section 6.1).

Again then we are directed to a complex and multi-levelled set of political actors, to the nature of decision-making structures and procedures, and to the emergence, as policy-making becomes increasingly sectorised, of complex processes of network-based mediation. Though the Commission and DG-I had the overall responsibility for devising the EAs and DG-I retained its controlling hand, and though foreign and external trade ministries continued to be inclined towards effective liberalisation (the former for political reasons), adding content to

agreements and winning the political argument for liberalisation entailed several further steps and a crowded political arena. From the point of the outline agreement in late 1990 we see both the involvement of a different set of actors (taking a less favourable attitude to home market liberalisation), the related sectorisation of decision-making processes, and the fuller exercise of Community procedures. This would include of course, the establishment of Council agreement on completed agreements (by unanimity in the case of Association Agreements) and ratification by the European Parliament.

6.3.i. Mobilised interests and the sectorisation of decision-making processes

Apart from return to the struggle between member governments in the council of ministers and to the further political role of the Commission bureaucracies (see 6.3.ii), an understanding of the progression of the association policy from outline to end-points requires an explanation of the political roles of the Euro-associations and national producer groups, and developed reflection on national-level processes. When negotiations began on Association Agreements in 1991 (first with Poland, Hungary and Czechoslovakia and later with Bulgaria) the EC lobbies were quick to mobilise, alerted to the prospect of full trade liberalisation. Those sectors most vulnerable to an assisted export drive from central and eastern Europe, notably textiles and steel, offered, through powerful national producer associations and principal Euro-associations, e.g. 'Eurofer' (steel) and (at this stage) 'ELTAC' (textiles & clothing), a series of economic arguments against major trade concessions in a context of EC orchestrated European restructuring, escalating import penetration rates, and GATT negotiations over multilateral duty reductions, quota and subsidy reform. The period included a series of proposals by EC industry for realistic programmes of trade adjustment including ELTAC's insistence upon a protracted transition (over at least ten years) towards full trade liberalisation, and broader calls for Western-financed programmes of East European industrial reform targetted on reductions in overcapacity, privatisation and the building of legally constituted trade federations.

In development here, Gowan (1992) who provides a thorough review of this early mobilisation of EC industry against radical liberalisation proposals, talks of the emergence of a "general approach" across Europe's major industrial lobbies entailing the signalling of warnings over liberalisation effects and of massive future defensive measures in the context of the GATT. Highlighting the overall balance of a series of communications and proposals by the German steel lobby, by CEFIC (the Euro-association of European chemicals producers) and other producer groups, he suggests the effective issuing of an industry position on EC relations

with Eastern Europe that meant in practice:

"maintaining export barriers to the West while the EC's private sector decides which parts of their East European counterparts to buy up and absorb into their own international operations and [which parts] to be scrapped with generous arrangements for redundancies, funded by Western aid." (1992:16).

The restrictive nature of steel and textiles quotas and tariffs fixed upon by the Community in 1991 (more restrictive than those advanced by the Commission) and, more significantly, the evidence of restrictive annex and protocol provisions for such sensitive industries in final agreements (section 6.1), thus suggests, to some extent at least, a significant relationship between the mobilisation of EC producer interests (on this broad basis) and a series of relevant political outcomes culminating in the Europe Agreements. A refutation of this influence would be aimless and there is evidently a relationship here suggestive of the analytical possibilities of a traditional political economy approach to policy explanation in this area (and at this level), explaining the commercial terms of the association policy as a function of domestic interests. What is at issue however is an understanding of how such pressures have been effectively and, in several instances, ineffectively channelled through policy-making structures and an understanding of this necessitates a return to the institutional concentrations at the

heart of present analysis and earlier observation vis-a-vis the progressive sectorisation of policy.

It is clear that the capacity of industry-actors to influence the Community's stance in negotiations was a product not simply of the organisation and mobilisation of industry interests (a demand pressure) but of the extent to which Community procedures for evolving policy and for conducting negotiations provided scope for the effective communication of the preferences of European industry. Sedelmeier (1995) has highlighted the sectorisation of association policy development and provides an implicit characterisation of network-based processes of public-private dialogue. Though his notion of three competing policy perspectives across the full range of association policy actors is dependent upon a strict sectoral concentration for its parsimony (steel), it accurately characterises a competition of policy preferences and recommendations (within which industry preferences are a central element) governed by Community decision-making structures and procedures [12]. A detailed account of steel policy development and negotiations provides evidence of a sector-based network characterised by close relations between, at the European level, Eurofer (the European producer association), the ECSC consultative committee, the European Commission (chiefly DG-III) and relevant Council bodies and, at the national level, between steel producers and national associations (for example, the German steel producers' association) and industry/economics ministries in some member states (e.g. the federal economics ministry in Germany).

Central arguments remain that, first, the sectorisation of decision-making processes, provided scope for private actors to pursue their agendas - given bargaining along sectoral lines between industry representations, DG-III, and the relevant Council and ECSC bodies - and second, that "the domestic structures of the member states as well as those at the European level matter" (1995:15), facilitating, to a greater or lesser degree, the transference of fairly homogenous producer interests into national negotiating positions at the European level. The

different positions taken by the member states in Coreper/Council discussions Sedelmeier suggests, importantly reflect the ways in which, at the member state level, steel policy is formulated, a point developed through a contrast between UK and German experiences. Whilst the UK's model of effective internal co-ordination within a liberalist trade department and of powerful FCO oversight helped to shape the UK's liberal line at the EU level (the Foreign Office's policy preference was one of supporting the CEEC's through generous market access), the greater autonomy in external policy affairs of the German Economics Ministry and a higher level of decentralisation, made Germany a different sort of case with an "apparent contradiction between political rhetoric and decisions on economic policy-substance" (Sedelmeier, 1995:15-16).

6.3.ii. Negotiating the Europe Agreements: national positions and more on the role of the EC Commission

This latter stress upon the relationship between domestic structures, national positions, and structures at the European level returns us in timely fashion to the European level institutional machinery and the decision-making processes/ structures associated with the movement upon the EA framework agreement. This analysis has two levels, including address of member state interests and position-taking in Coreper and meetings of the council of ministers, and further address of the Commission's role in EC trade policy governance. Progression is made here through the original negotiating process to the succeeding attempts (concluded at Copenhagen in June 1993) to improve terms of access in the face of mounting internal and external criticism of the initial terms of "Europe Agreement".

When negotiations began on Association Agreements in 1991 (first with Poland, Hungary and Czechoslovakia and later with Bulgaria) the earlier divisions between the member governments were quick to reveal their true scale and nature over the matter of "sensitive industrial sectors". Negotiations over steel, agriculture, textiles and clothing were repeatedly blocked by member

governments such as France and Portugal and were repeatedly deadlocked because of widespread resistance within the Community to the full and rapid removal of import barriers. Given the mobilisation of national and transnational producer interests (see above) and an increased realisation that CEECs were to pose a serious competitive threat in several sectors, the progression of negotiations was stalled by the requirements upon the Commission negotiating teams to secure their authority from the member governments (primarily through the internal negotiations of Coreper) and by the terms of disagreement amongst the member states themselves. In successive Coreper sessions and, on occasion, in Council, representatives of Southern member governments tied Community negotiators to a restrictive EC stance on textiles, coal, steel and agricultural goods.

The absence of a flexible Commission negotiating mandate, a result of division within the Council of Ministers over liberalisation measures and the free movement of workers, thus became an impediment to the conclusion of EAs in 1991 and a threat to their survival. In early-mid 1991, the three CEECs engaged in negotiations were privately threatening to break-off talks altogether, directly criticising the Community's inflexibility in negotiations and frustrated by protectionist reflexes vis-a-vis sectoral arrangements and the Community's dumping of subsidised agricultural exports in their home markets. A conceptualisation of internal processes at this stage then must encompass a characterisation not only of the degree to which configurations of domestic economic interests pressurised public decision-makers into protective reflexes (maximising access in increasingly sectorised processes), but the extent to which related divisions between national positions, and their fuller basis, contributed to a "gridlock" in external relations and overwhelmed internal negotiations.

Dealing first with the basis of national divisions, it is already established that national governance structures mattered to the degree to which national policies have entailed a degree of pushing-and-pulling between separate ministries and to the degree to which economic interest groups have exercised, or not, effective

political leverage at the national level. Yet national perspectives have also been framed by other influences, the historical and cultural ties of Germany with the Central Europeans and Baltic economies, French fears over an eastward shift in EC policy away from the Mediterranean and in development of predominately German interests and patronage, and a Spanish and Portuguese perception that the long transitional periods negotiated for their accessions legitimised a "go slow" approach. Underlying economic sensitivities and patterns of competitive advantage/disadvantage are also profoundly important in the explanation of national position-taking and give particular explanation to the appearance of repeated north-south divisions in internal negotiations. Much has been made of this north-south cleavage throughout this thesis, with necessary emphasis upon its philosophical and ideological underpinnings, but its relevance to these questions of regional trade strategy turns as much on the structural aspects of the pan-European political economy.

In development of this point, though the position-taking of Germany and Spain appears to have been quite variable (Germany acting contrary to the broad thrust of its policy with respect to coal and steel and Spain actually supporting a northern troika of states over the Commission proposals tabled at Copenhagen), it is clear that eastern and western specialisation patterns have held a certain relevance here. Those member states seen to have baulked at successive liberalisation measures across this period, in general and sectoral terms, appear to have the strongest degree of overlap with the CEECs with respect to revealed comparative advantages. In contrast, Germany and the northern troika of states (the UK, Denmark and the Netherlands), who have most consistently advanced the case for liberalisation and Community enlargement within Coreper and Council based discussions, appear to be in more favourable positions, with specialisation patterns permitting better exploitation of the dynamics of an enlarged European market and characterised by a lesser degree of overlap. Padoan (1994:341) offers a succinct explanation of this point, integrating the French position with that of the northern member economies due to comparable pattern in trade specialisations. He reflects:

"In the first place, the comparative advantages of the three largest economies, Germany, the United Kingdom, and France, are located in the sectors where the comparative disadvantages of Eastern Europe lie, and vice versa. From this point of view these two groups of countries are in a highly favourable position as far as the process of integration is concerned...More serious problems exist if we turn to the position of Italy and the new southern members of the European Community, especially Greece and Portugal. Their comparative advantage lies in the traditional and agricultural sectors. These are exactly the sectors where Eastern Europe seems to be more competitive....the distribution of costs and benefits is not all symmetrical. This implies that there will be considerable political tensions (both intra-EC and between the EC and the prospective new members) with respect to the twin questions of widening as well as the deepening discussed above."

Whatever the roots of national positions, and it is the evident view here that these are multi-dimensional, the real issue remains the way in which Community policy-making necessitates the mediation or reconciliation of such differences in formal institutional processes and the degree to which these divisions make their impact on the substance of policy and the manner of policy development. At this level, there is abundant evidence both of a general impact and of a broad north-south polarisation outside of steel and agriculture. Major divisions were manifest in virtual deadlock of early 1991, France and Portugal at the centre of blocking behaviour vis-a-vis textiles and agricultural liberalisation, where on textiles and clothing, proposal to eliminate Community quotas in, at most, half the time period agreed in the Uruguay Round for the phasing-out of the MFA, was qualified by Council decision (at the insistence of Portugal and other Southern member governments) not to realise such elimination in less than five years starting from January 1993 (Visegrad countries) and from January 1994 (Bulgaria and Romania). On steel, five meetings of Coreper were needed to approve a draft negotiating mandate to maintain the 1990 quota for Visegrad steel imports (this had represented a 15% increase), whilst the member governments divided along similar lines over the strengthening of regulations for import monitoring (given allowance for a 30% flexibility between categories of steel goods) and the length of the transitional period for the eventual removal of all trade barriers under concluded association terms. Denmark and the UK consistently supported higher

steel quotas only to be countered by the defensive reflexes of France, Belgium, Italy, and Luxembourg (see Gowan, 1992).

Such polarity between the positions of the member states- and the compromise effect on the substance and speed of policy- is evident all the way through the original negotiations and in those negotiations in early 1993 over the speeding-up of liberalisation timetables (see 6.3.iii). The Council has been the principal organ for the expression and reconciliation of national interests but within Coreper, the Article 113 committee and the external relations committee of the European Parliament, a competition between national interests and policy prescriptions has been played out.

Nothing here of course locates or explains the role of the institution of the European Commission during these periods of negotiation and in no sense has the Commission functioned as a passive arbiter in those internal negotiations over the substance and detail of the EAs. It has already emerged as a central argument that the Commission exercised clear leadership in foreign economic policy terms in establishing the basic outline of the association policy and in constructing the framework for commonly ordered, if individuated, Europe Agreements and we again see the importance of the Commission's role in the period of EA negotiations. In this context, the Commission can be seen to have operated at the heart of increasingly sectorised processes of internal negotiation (centralising DG-I and DG-III officials), as the Community's external negotiating arm, as a "broker" to a divided set of member governments, and as an effective force for liberalisation proposals (under the lead of DG-I's top-level). Critically, faced with succeeding crises in its external negotiations and with Council tightening of its negotiating mandates, there is clear evidence that the Commission sought to defend, as far as possible, the basis of the framework agreement and the principle of effective market liberalisation. A broad overview of the period shows the degree of commitment to effective liberalisation on the part of the Commission, and the extent to which trade officials continued to pull along many hesitant member

states, by persuasion and tactical skill, in progressively improving across-the-board access for CEEC products.

A snapshot image of the European Commission's positioning in the midst of early negotiating crises reveals exactly this. External Affairs Commissioner, Frans Andriessen warned EC foreign ministers in April 1991 that Community inflexibility was leading to the collapse of the Association Agreements and, in the context of fear over the growing impatience of eastern and central European negotiators, proposed, as concessions, taking agricultural issues product by product (and selectively removing quantitative restrictions) and reducing the transitional periods for the elimination of tariffs on steel and textiles products. A majority of member governments and Eurofer and ELTAC respectively remained tied to arguments for lengthy ten-year transitional periods. Though the Commission tried to argue that managed processes of internal economic adjustment and the opening of trade relations would lead to new opportunities for EC industry, taking a decidedly more liberal stance than the majority of Council delegations, its success in moving along reluctant member states was only modest. As Gowan (1992:15) reports:

"A Council meeting on 21 April accepted the Commission proposals for a gradual removal of customs duties and non-tariff barriers over five years on steel, but required a specific arrangement for coal; continued to insist on a ten-year tariff transition for textiles while suggesting that non-tariff aspects be settled within the Uruguay Round; and on agriculture offered the removal of all quantitative restrictions on specific goods that were deemed especially important for the East Central European countries' exports, but subject to a reciprocal effort on their part."

Indeed the whole process of the EA negotiations is marked by such modest progress on the part of the Commission - in early October the Council agreed to some further adjustments after Commission warnings in the aftermath of the Moscow coup- to bridge gaps within the Community membership and between 'common' positions and often exaggerated CEEC demands. The terms of the EAs concluded in 1991 and 1992 (again see section 6.1) reflected its success in moving

several member states along but also revealed, i.e. in the establishment of special regimes for sensitive products, the very real limits to that "success". Within this the Commission appears to have continued to work, within the parameters of its responsibilities and of its own internal differences, to steadily advance the process of EU market liberalisation. Whilst EC officials have not been shy from charging that the east-central European countries engage in protection with each other and outsiders, and whilst the Commission has evidently initiated anti-dumping and safeguard actions against CEEC exporters, as earlier noted, the Commission's emphasis has consistently been upon a managed but committed process of asymmetric market liberalisation.

Inside the Commission, the industry directorate (DG-III) appears to have taken the cautious view with a greater sensitivity to the cases presented through political lobbying by interest representations and a tendency to raise argument in favour of trade defence measures [13]. DG-I has been the evident "driving force" for liberal action and has been "behind the Commission's (general) reluctance to use trade defence measures against the CEECs" (Sedelmeier, 1995:12). Indeed what appears consistent throughout the history of the Community's new eastern trade policy is the sensitivity of EC trade officials to CEEC demands and their apparent frustration not simply with the responses of traditionally protectionist member governments to its trade liberalisation proposals but by the caution demonstrated by the Council in committing to the eventual accession of the CEECs to an enlarged EU market. Whilst this analysis has provided a detailed account of the period of policy development upto the conclusion of the EAs, this is also apparent in the back-drop to the Copenhagen Summit (June 1993) and succeeding action. Though concentration falls subsequently on the issues and processes surrounding the Copenhagen Summit, those "succeeding actions" can be seen to have concluded the negotiation of four further EAs, modifications to Protocol Agreements reflective of Union enlargement, and the establishment of a detailed pre-accession strategy (see COM (95) 163 final).

6.3.iii. The market access crisis & the Copenhagen Agreement: victory for DG-I ?

The EC decided at the Copenhagen Summit in June 1993 to accelerate its efforts to further open up its market for products from the central and eastern European countries and to accept the CEECs' membership objective [14]. On trade and trade-related matters, succeeding the supplementation of Interim Agreements with the Community legislation necessary for their legal implementation (centrally EC Regs. Nos. 521/92; 517/92; 519/92; 518/92; 3918/92; and Commission Decisions 522 and 523/92/ECSC), the Commission advanced a series of proposals for the further improvement of relations with the CEECs, first revealed at the Edinburgh Summit of December 1992. The context for this initiative was one of a worsening economic situation in the east, of an escalating imbalance in mutual trade flows (increasingly in the Community's favour), of growing argument over the terms and timing of future Community membership for the fast-track Visegrad countries, and of continued charges that the EC was shutting out CEEC goods. Here frustration was not simply with the central terms of the negotiated EAs and their Interim Agreements, but with Community exploitation of related contingency clauses on anti-dumping and safeguarding (see section 6.1 for a discussion of such features and their exploitation).

Though such pressures lay behind the package, important to its successful introduction was the establishment of a new leadership structure within DG-I at the start of 1993. The Commission's proposals for terms of improvement to Interim Trade Agreements were popularly seen as symbolising a "free-trade alliance" between Sir Leon Brittan and Mr Hans van den Broek, the new Commissioners for external economic and political relations respectively. Both men appear to have invested considerable energy into preserving the basis of Commission recommendations and of pushing through a sweep of measures leading to accelerated market access across - and not selectively among - sectors. Thus whilst some revision to the IAs would have followed in this broad context, the stewardship of the DG-I top-level here, its relatively bold approach and retention

of firm control over sectoral DGs, is noteworthy. Remarking upon the outline of the Commission's proposed measures for the acceleration of timetables for the cutting of quotas and tariffs, one Brussels-based correspondent was at least drawn to comment:

"The European Commission has recovered its nerve. A new package of measures to accelerate the political and economic integration of six eastern European countries into the EC is bolder than expected...The two (Brittan and van den Broek) have apparently set aside earlier rivalry and championed the cause of freer trade. "Improved market access is the most effective way of encouraging economic growth and the transition to market economies," proclaims the document, which attacks the notion that increased imports from eastern Europe will cause lasting damage to EC members caught in recession." [15]

It is certainly clear that the Commission offered only minor changes to its original proposals before foreign ministers agreed the package in Luxembourg, June 8 (see 'The Financial Times' 10/06/93:006), a free-trade axis built around the UK, Germany, the Netherlands, Denmark and, surprisingly, Spain, pushing through the package to realise a "big political success for EC Commissioners, Sir Leon Brittan and Mr Hans van den Broek." ('The Financial Times', 09/06/93:003).

Considering the balance of these measures, the main progress achieved at Copenhagen was the Council's agreement upon an acceleration of the abolition of customs duties. For imports of basic products and the sensitive products of Annex III exceeding quotas or ceilings (for example tariffs on automobiles, and certain electronic products and chemicals), customs duties would be totally abolished two years earlier than foreseen in the Interim Agreements (1995 rather than 1997), duty-free quotas and ceilings being increased annually by larger amounts. For textiles and ECSC products, agreement was reached to remove all duties one year earlier, the implications for timetables reflected in the earlier account of EA provisions post-Copenhagen. In agricultural trade, quotas on agri-products would now be increased annually by 10% starting on 1 July 1993 and plans to reduce levies by 60% on meat, dairy produce and vegetables would be advanced by six months. Recalling that the provisions in these areas were contained in annex or

protocols of the EAs and the Interim Agreements, a series of amendment protocols followed over the course of 1993. Where the Commission had been seen to retreat from its recommendations, for instance from its plans to simplify and improve rules of origin and to ease cumulation across and between regional borders, we have seen subsequent Commission action. Roell (1994) reports the Commission's pressure upon CEECs to multilateralise their own relations and, at the Essen Council in December 1994, Commission ideas emerged for a three stage strategy to simplify and harmonise rules of origin across European borders.

6.4 CONCLUSIONS

In the context of an analysis of the EC's trade policies towards the reforming markets of central and eastern Europe, the present chapter has then provided further demonstration of the explanatory power and utility of an open-institutionalist analytical approach to the development and formulation of Community trade policy. In focus on the evolution, negotiation, conclusion **and revision** of the commercial provisions of the Community's recent "association policy" towards the CEECs, those underpinning thesis arguments concerning the political economy of Community trade policy have been further tested with a reinforcement of the findings of those preceding chapters focused on sectoral dimensions of the Community's multilateral trade strategy. The chapter's analysis has provided added illustration of the central and shaping role played in policy formulation by the Community's characterising institutional complexities and structures, the leadership and entrepreneurialism of individual institutions (centrally the EC Commission), and the mediation of competing interests, policy "ideas" and recommendations at various levels in the EC policy-making system.

As in the subject of chapter four (the EC's international textiles trade policies) an account of Community trade policy has been made centralising the role of the European Commission as an institutional leader and policy instigator, promoting an association policy and programme of asymmetric market liberalisation in the

context of heterogeneous policy views and interests on the part of member governments and organised economic interest groups. Given the early failings of member states to link together quite disparate thoughts and instincts on the evolution of foreign economic relations with reforming CEECs, and given a range of external pressures necessitating a major policy response, it was the Commission executive (as led by DG-I) that defined and promoted the new 'eastern' trade policy. This is indicative of a leadership role tied not only to Commission competence and authority in matters of external relations but also to prevailing beliefs and institutional interests within the Commission itself. The Community executive demonstrated a commitment to trade liberalisation as a vehicle for the extension of the EC *acquis* and elaborated an instrument of common policy (the Europe Agreements) rooted in the concept of "association" and confronting the essential Community problem of how to accommodate eastern neighbours. From the EC standpoint, the Commission, as led by a DG-I bureaucracy, was the dominant institutional force in elaborating the concepts of association, asymmetric market-opening and conditional application, and in designing a basic "help towards self help" (Kramer, 1992) framework for the present and future management of evolving EC-CEEC relations. The Commission's leadership in realising the package of further liberalisation measures at the Copenhagen Council and the balance of its later action, including the conclusion of further EAs, underlined the importance of its institutional role in the development of the Community's trade policy towards these regional partners in recent years, and an understanding of it.

As in the subject of chapter five (the EC's international agri-trade policy and diplomacy over the period of the Uruguay Round MTNs), an emphasis has also been placed, in explanation of policy elaboration and development in this context, on the major degree to which process has impacted upon substance and of the incremental way in which Community trade policy is elaborated and implemented. The analysis of sections 6.2 and 6.3 especially, has provided powerful demonstration of the importance in Community trade policy

development of governance structures (politico-institutional structures, decision-making systems and procedures, norms and arrangements for political dialogue etc.) and of the institutional structuration of a range of ideas and interests associated with a complex of trade policy actors. Within this, though the EAs are themselves cross-sectoral and the Community's association policy has been seen to overarch a series of sectoral processes and choices, we have considered evidence here of the sectorisation of decision-making processes following DG-I's design of a "general outline" for the EAs, and of the opportunities provided under increasingly sectorised procedures for lobbying by interest representations.

The stress has remained with those countervailing pressures associated with a complex of institutional actors (public and private) and on the institutional processes/ dynamics associated with their initiatives, conflicts and intermediation. Whilst organised economic interest groupings, e.g. Eurofer, have been major institutional players and whilst some attention has been paid to domestic national-level structures, investigation of the complex institutional mixes identified here has entailed concentration on the political roles and dynamics of the European Commission and of the EU's Council of Ministers. Conceptualising the influence of organised economic interests in these terms, with focus on the influences and meaning of EC decision-making structures for the transference of special interests into political outcomes, is deemed preferable to the adoption of an analytical framework rooted first in terms of a theory of special interests. The degree to which liberalisation-restrictions and exceptions for sensitive sectors have characterised all of the EAs has underscored the policy influence of producer groups and organised economic interests, but such a basis to policy explanation cannot capture the importance of institutional and decision-making structures as attested to in this analysis, nor the broader foundations of variety in national position-taking or institutional politics per se.

CHAPTER SIX NOTES

[1] By virtue of its GSP scheme, the EC grants unilaterally, without any formal agreement and without any involved reciprocity, a series of generalized duty reductions for imports originating from lesser developed countries. The granting of these reductions follows on a year-to-year basis but within what have previously been effective ten-year periods. Under the present period 1995-2005, the Community is endeavouring to target the benefits of the GSP towards the poorest economies with a gradual withdrawal of GSP advantages on a product by product basis for the semi-industrialised or newly industrialised countries.

[2] The ECSC regulates intra-EU trade in coal and steel products whilst the CAP regulates intra-EU agricultural production, prices and trade. Both of these are strictly Community structures/policies whilst the MFA is a multilateral framework for textiles and clothing trade entailing an international voluntary export restraint arrangement limiting textiles exports from supplier to importer countries, including the EU (see chapter four). The latter regime is to be phased out over a ten-year transitional period beginning in 1995 following agreement on textiles and clothing under the Uruguay Round of GATT negotiations (as considered in chapter four) whilst the ECSC is being phased out by the EC over the course of the 1990s.

[3] These new PCAs raise the possibility of an FTA between the EU and these two countries (bilateral) with an examination of the issue scheduled for 1998. For the moment they simply represent "a whole tranche of trade provisions which are not themselves a great advance on the trade and co-operation agreements signed in 1989, but which are capable of evolving." (House of Commons, 1995:004). Those advances that are evident here include: the extension of tariff concessions (most favoured-nation treatment on goods); various concessions to the Ukraine under the Generalised System of Preferences; the elimination of several quantitative restrictions (these were in place on over 600 commodities exported by Russia in 1994 according to Shenayev (1994:003), and an improvement in export opportunities in areas like textiles and steel still to be regulated by quota. The agreements also reduce substantially the scope of certain EU commercial instruments such as anti-dumping procedures and safeguard actions though these means of contingent protection are provided for (e.g. Articles 17-18 of the EU-Russia PCA). Anti-dumping rules now apply in accordance with Gatt provisions and a consultation clause is granted. It is also to be noted that the PCAs extend MFN terms for the cross border supply of a limited range of services (an innovation here) and provide conditions for freedom of establishment of companies and of capital movements though Russia can still apply restrictions on capital outflows.

[4] Modifications agreed at this stage, through the conclusion of Additional Protocols to the Interim Agreements with each of the countries in question, followed Visegrad protestations about surging EU imports and slowing Central European export rates with the Commission. In the context of inter-institutional

dealings inside the Community, the Commission can be seen to have recommended a more thorough relaxation of import regulations than those actually achieved (see section 6.3). Nonetheless, as Matropasqua and Rolli (1994: 167) contend: "The acceleration of the pace of EC trade concessions decided by the Council in May 1993, falls short of substantial market opening, since it virtually excludes sensitive sectors such as agriculture and textiles."

[5] Galinos suggests here that the declines recorded in Hungarian and Slovak exports to the EU during 1993 can be seen as confirming this effect which has as a dimension the discouragement of risk-taking and investment in export sectors (Galinos 1994:22).

[6] In January 1996 for example an anti-dumping duty was imposed on hematite pig-iron originating in the Czech Republic and a second action was initiated (again on the grounds of unfair cost advantage) in respect of cement originating in the Republic (and Poland and Slovakia). The disbelief of Czech government, industry officials and the Czech press in both instances has been recorded (see 'Together in Europe', 82 1996:009).

With respect to the volume of Community anti-dumping actions against central and eastern Europe, in 1994 alone, anti-dumping procedures were initiated regarding imports of ammonium nitrate originating in Lithuania (Bull.EU 6-1994); imports of Portland cement originating in Poland, the Czech Republic and the Slovak republic (Bull.EU 4-1994); and imports of iron and steel tube fittings originating in Slovakia (Bull.EU 1/2-1994). Definitive anti-dumping duties were imposed on imports of urea ammonium nitrate solution originating in Bulgaria and Poland (Reg. 3319/94/EC); on imports of hematite pig iron originating in Poland amongst other countries (Reg. 1751/94/ECSC); and on imports of silicon carbide originating in Poland as well as in Russia and the Ukraine (Reg. 821/94/EC).

[7] Trade data for the newly independent states (NIS) suggests that growth rates of trade between the EU-12 and the newly independent states have been more modest. Over the period 1991-95, yearly average growth rates have reached 6.2% for EU imports and 6.3% for EU exports. In 1995 the deficit with the NIS stood at ECU 5.3bn with imports totalling ECU 23.2bn and EU exports ECU 17.9bn (Statistics In Focus, External Trade, 8/1996).

[8] Germany continues to lead the way on exports to CEEC markets claiming over 50% of the combined total. Italy is the second largest trading partner in terms of import and export activity with CEEC economies. A trading surplus with the CEECs is notable in the following sectors: engineering, research & development, mechanical engineering, electronics, cars and office equipment.

[9] The three Baltic states signed Europe Agreements with the EU in June 1995, mutual FTAs with the EU will be realised ahead of those with earlier EA signatories, for whom liberalisation timetables have been aligned since

agreements reached at the Essen EU Council in December 1994. For Estonia, the new Agreement established free trade in industrial goods from 01.01.1995. EC-applied quantitative restrictions and duty charges were removed from that date or Latvia and Lithuania too but reciprocation will be phased for these two economies, Latvia benefitting from a four-year transition period and Lithuania having a six-year transition period to phase out all barriers to trade with the EU.

[10] Preparation of the Associated Countries of Central and Eastern Europe for Integration into the Internal Market of the Union. COM (95) 163 final (3.5.95)

[11] The Visegrad Group of countries has underpinned the emergence of the Central European Free Trade Agreement (CEFTA). Hungary, Poland and Czechoslovakia were widely known as the "Visegrad" countries during this period after the conclusion of a mutual free trade agreement in the town of Visegrad in December 1992. On 11 September in Brno, the prime ministers of the Visegrad group agreed to admit Slovenia as the fifth CEFTA-member (the Czech Republic and Slovakia then established as independent members) and Bulgaria acceded to CEFTA towards the end of 1996.

[12] At the heart of Sedelmeier's interesting thesis is an identification of clusters of policy actors with distinct perspectives on steel trade with CEECs during the 1990s. Three different perspectives pass under the following titles: 'political', 'political economy', & 'economic', the former perspective rooted in the political desirability of granting CEECs rapid and unconditional market access (economic means towards political ends). Under a 'political economy' perspective the main consideration is the likely effect of policy on EU steel industry, whilst in the 'economic' perception, trade policy "is a matter of economic principle" and unconditional market access the preferred policy. I find this approach a little reductionist as a vehicle for the explanation of the association policy per se but in its alliance to an emphasis on decision-making structures and the structuring and constraining of policy interests and recommendations, there is an evident connection to the present work.

[13] Sedelmeier substantiates this with detailed analysis of internal Commission perspectives on steel trade liberalisation. DG-III appears to have oscillated between market-opening and market protection arguments between 1990 and 1994, moved by changes in the economic climate, the emergence and later unravelling of restructuring plans for home markets, and by the impact of lobby groups.

[14] The Declaration on enlargement of the EU Heads of State or Government (Copenhagen, June 22, 1993) reads: "The European Council today agreed that the associated countries in Central and Eastern Europe that so desire shall become members of the European Union. Accession will take place as soon as an associated country is able to assume the obligations of membership by satisfying the economic and political conditions required."

[15] See Lionel Butler's analysis, 'The Financial Times' (06/05/93:003).

CONCLUSIONS

i. Institutional analysis, the EU, and the study of commercial policy-making

This volume began by identifying the political economy analysis of modern commercial policies as an academic enterprise lacking in theoretical unity and concentrated on the course and substance of American foreign economic policy. It has concluded in identification of the European Community as a principal agent of commercial policy-making, challenging established notions of foreign (economic) policy management and demonstrating the requisite of an "integrative" approach to the study of commercial policy-making. From the evidence of this work, the Community's system of trade policy governance can only be captured by movement to an integrated view of policy formation centralising its multi-levelled structures of governance - the EC offers a complex set of institutions and dynamics providing a framework for bargaining and policy governance across layers of action and influence - and emphasizing the institutional structuration of competing ideas and interests. We are left with a new form of understanding of Community processes and with a series of signals for the future direction of trade policy analysis. The reader who wants to understand why the Community "makes external trade policy as it does" (Odell's identified challenge, 1990: 162) should no longer have "difficulty locating recent study" with this enterprise correcting something of a neglect of its case and with a reinforcement of arguments for a strengthened synthesis of analytical traditions in the study of FEP (see Odell, 1990; & Odell & Willett, 1990).

Fundamentally, trade policies, and within this, the commercial policies of the European Community, are presented as the outcomes of dense networks of exogenous (politico-economic) and endogenous factors (institutional, ideo-cultural, political and bureaucratic), but analytical primacy is afforded to the institutional structures and terrains within which these pressures and inputs are channelled, managed and mediated. In focus on the Community case, this emphasis takes the form of an analytical approach centred on the EU's complex governance structures,

a framework of analysis which places emphasis upon "institutions", decision-making procedures and rules, but which also allows for the systematic analysis of the political role of "ideas" and of structures of communication and bargaining between public actors and organised "interests".

The current chapter serves as an examination of the central findings of the thesis as a whole. In development of those points above and in review of some of the major conclusions of earlier chapters, a series of final statements will be made concerning our case of investigation, the mode of analysis, and future direction in trade policy analysis. These conclusions are reached first in primary relation to the process and form of EC trade policy which arguably functions as "the basis of a partial but powerful (European) foreign economic policy" (see Smith, 1994:461). The final series of points are devoted to the study and conceptualisation of FEP and to arguments concerning the development of political economy analysis in the commercial realm. Reflections on the evidence presented in chapters three to six find expression throughout this series of concluding points with the common theme that policy struggles and related pressures (economic, societal and international) are mediated by prevailing institutional arrangements. This underpins a view that (case) insight into international trade policies can be seen to hinge on the systematic address of institutional structures and dynamics and that understanding can be "enriched" by discerning the effects of institutions on other variables and of those on institutional preferences and behaviour.

This represents the adoption and advocacy of an "integrative" or multivariate framework of analysis beginning with tenets of historical institutionalism but incorporating broader insights, in this case from cognate (ideas) and interest-based contributions to the literatures of FEP, IPE, and Comparative Politics. In explaining policy and policy change in terms of institutional terrains, organisational relations, and of conflict and compromise between identified policy actors, ideas and interests, the argument of parsimony in trade policy explanation is rejected in favour of a recognition of causal complexity in trade policy choices and the richer theorisation

of policy formation under a new institutional mode of investigation. To echo Checkel (1993:276-77):

"some theorists might prefer a shorter list of causal variables, but, as has been argued in other contexts, such parsimony would be gained at the expense of capturing the full array of factors affecting a complex process."

To recall, the basic assumption of historical institutionalism is that institutions, which emerge from distinctive historical experiences, cannot be regarded as passive arenas within which political action is played out but have a more independent role and an important structuring/constraining effect on political struggles. This central article of faith, "that institutions structure political situations and leave their own imprint on political outcomes" (Thelen & Steinmo, 1992:009) directs analysis and juxtaposes the institutionalist study against macroeconomic, realist, neo-liberal and classical micropolitical approaches to the policy level of governance. This is not to deny the importance of international, macroeconomic and societal sources of actor behaviour or of all of the accepted wisdoms associated with these prevailing approaches to FEP (see Ikenberry et al., 1988; & Odell, 1990) but to expose their essential limitations. Following rejection of economistic analysis as a suitable basis for policy analysis, chapter one has offered developed argument that macro-level explanations are inherently limited in policy analysis: "they define the universe of possible outcomes but do not explain why particular ones occur" (Checkel, 1993: 274) and, that without denying the importance of the socio-economic context of politics, that the "state" or policy-making agency is not only affected by market driven interests but also affects them and regulates/constrains their political influence.

ii. Understanding EC trade policy: tool-kits, tests and challenges

By evolving almost exclusively in the American domain and with little empirical reference to the EC case, the theory of the political economy of foreign economic policy surveyed and assessed in the earliest chapters of this thesis may reasonably

have been judged as having been "untested" in the European domain. Whilst some attention has been paid to European industrial and import policies at the state level, typically in comparative study (see Katzenstein, 1978 for example), there has been little evidence in the study of FEP of the application of analytical themes to the quasi-federal model of Community policy-making. This is a point inherent in John Odell's (1990) comment above and one which has been attached to caution that "there are a number of dimensions and characteristics of contemporary Europe that do not conform to the expected contours of the existing study of FEP" (Tooze, 1994: 67).

As this work has demonstrated, the Community's creation of formal processes that are supranational, its multi-levelled policy-making and structural organisation, and its transnational policy networks (see chapter two and onwards) do in fact severely test and stretch many of those assumptions central to the prior understanding and study of foreign economic policy betraying not only an essential "state-centricity" to the study of FEP but also a set of theoretical and methodological resources marked by underdevelopment and an unashamedly neo-positivist orthodoxy (see chapter two). Ultimately however this thesis has demonstrated that the construction of a theoretical approach to the study of the Community's external trade policies is both feasible and desirable and that the successful conceptualisation of its policy-making can usefully begin with the tenets of an "institutional route" to comprehension. Developed in the study of American foreign economic policy by such figures as Goldstein (1986, 1988, & 1989); Destler (1986); & Ikenberry (1988a, & 1988b), this new institutionalism constitutes one of five presented traditions of investigation woven into the tapestry of contemporary trade policy analysis (see chapter one).

Tooze (1994) does offer some genuine insight (see below) in presenting foreign economic policy in the new Europe as a "questionable category" but whilst the identification of what processes and policies are actually "foreign" entails complex distinctions which are not always practical, especially under conditions of multi-levelled authority and complex interdependence, the real problems here are not

quite how they may be presented. Certainly Europe does not conform to some of the assumptions of FEP, the nation-state for example is far from a monopolist in an age of multi-levelled regulatory structures/authority and the EC is not a "state" in the conventional sense. There is however room and opportunity within the institutionalist tranche of FEP - particularly under an inclusive approach capturing the inseparability of private and public institutions and informal as well as more formal processes - to continue and to advance the reconceptualisation of actorness in development of the study of foreign economic policy (FEP). The key here is the reconceptualisation of the "state" as a set of institutional structures, dynamics, rules, norms and processes, all associated with embedded values and/or cross currents of ideas and interests, and to recognise, as Tooze (1994) himself does, that on a policy level, one has to analyse the trade policy processes of the EC as a unique multi-levelled system of governance and those of members of the EC "in a different way" from non-members. Tooze's (1994: 68) checklist here- "formal framework, political dynamics, nature of output, constitution of interests, and so on" seems very much familiar to the trade policy analyst focused on the unit level of analysis and directing study from "inside-out".

Equally, whilst traditional forms of exchange relations (FEP's concentration) have become complemented by newer forms of global production and services, "trade" in the conventional sense continues to be central to an increasingly integrated world economy and better knowledge about the processes of trade policy formulation "...is of obvious practicable importance both to those affected by changes in trade policies and to those recommending policy strategies" (Odell & Willett, 1990:001). This does not mean that a theory of European FEP should not incorporate finance, money and investment, Tooze's (1994) prescription, but the privileging of trade issues in the current project is coupled to suitable qualification of knowledge claims, "an institutional approach to the study of Community trade policy and governance" is heralded here, and inevitably reflects the Community's management of an increasingly integrated external trade policy on behalf of its member states. This is still the clearest sign of its learning to manage a "foreign" economic policy, though

again a preference has been shown here for the terms "external" and "international" trade policies.

Fundamentally, the Community has much to offer the analyst of foreign economic policy and its study contributes positively to the development of our understanding of international trade policies. As Smith (1994:456) appeals, "conventional views of foreign policy and foreign economic policy must be replaced by a more flexible and critical view of the variety of actors and patterns of governance that are inseparable from the international political economy of the 1990s". This point of recognition has been echoed in the approach taken here with the series of insights presented in the succeeding chapters of this thesis justifying both the adoption of a political economy approach to trade policy analysis and the integrative mode of analysis employed in investigation of the Community case. In examination of the EC in fact, we have confronted the challenging reality of intergovernmental co-operation combined with the supranational management of trade policy, and whilst this has raised questions over the validity of traditional notions of foreign economic policy and over traditional assumptions of "actorness" (note FEP's conventional state-centrism) we have seen ample evidence of the expression and influence of EU external economic relations, of common "European" trade policy and practice. As captured tidily by one commentator on the Community's international presence and foreign policy identities:

"From the outset, the EC has had certain important powers in trade policy, particularly those relating to market access and the Common Commercial Policy; these have been added to over the years, with such mechanisms as anti-dumping regulations and rules of origin giving the Community a powerful trade armoury. Add to this the treaty-making power, which has been exercised to enter into Association Agreements and other relationships with outsiders, and there is the clear basis for a partial but powerful foreign economic policy." (Smith, 1994:461).

The analysis of this "policy" in this study has, as clarified, revolved around a central concentration on EU governance structures (institutional structures, organisational dynamics and policy processes) and on the institutional structuration/mediation of ideas and interests. We have seen in focus on the political economy of EC trade

policy (see chapters three to six) that the Community's decision-making processes are highly institutionalised with a framework for the pursuit of goals by various actors organised over several levels (subnational, national, transnational and supranational) and reflecting "the sectorally specific nature of policy determination" (Smith, 1994:458). What is evident is that to a remarkable degree the formal procedures, institutional structures and competences governing decision-making in the Community determines the pace and substance of policy and conditions the bargaining power and policy leverage of individual actors. These essential processes of bargaining, mediation and compromise, contribute to the slow, episodic and often reactive development of "common trade policy" (see Patterson, 1983; Ostry, 1990) with the Council and associated structures (e.g. Coreper) the main arena(s) for the adjustment of national positions/interests, and the Commission, the executive arm of EC trade policy, anchoring distinctive multi-actor networks and brokering competitions of interests and argument.

This system is of course essentially a multi-levelled order of considerable complexity and one evidencing reasonably discrete "networks" centred on sectoral or issue-specific questions: It is here that my approach draws on elements of a "policy networks" literature well established in focus on EC decision-making and becomes characterisable by a series of sectoral concentrations emphasising multi-actor trade politics. Several analysts considered at length in chapter two of this thesis have presented the Community as a tiered mixed actor system in which distinct networks of actors can be recognised (principally along sectoral lines) and whilst concentration frequently falls on the institutions of national government, on the Council and Commission (and their important sub-divisions), the EC trade policy system actually encompasses a heterogeneous set of actors at the subnational, national, transnational and supranational levels. For Smith (1994:457) the EC has to be seen as "quintessentially a mixed system of participation, regulation and action", whilst the EU, of which the Community is the central pillar and manager of commercial policy, has been identified as a multi-levelled structure of governance

where private, governmental, transnational and supranational actors "deal with each other in highly complex networks of varying density" (Risse-Kappen, 1996: 62).

One important consequence of this reality, and this thesis has gone some way to give it further demonstration, is that an institutional approach to the study of EU policy and governance (here of Community trade policy) is directed towards a high degree of inclusiveness. This encompasses not only an inclusive approach to the setting of boundaries (defining the institutional mix) where public and private institutions/organisations are "pulled in" (see section iii to this concluding chapter) but also a clear sense of lesser ordered processes particularly evident at the meso-level of option formulation and policy pre-setting.

Conclusion was reached at the end of chapter two that focusing on "mixes" of institutional or organisational structures must reflect this character to the Community system and the extent to which flexible decision-making structures and procedures (formal and informal) evidently vary the ability of certain actors to shape policy decisions in given areas or issues. Within this, the description of the policy process (agenda setting, option formulation and policy setting etc.) must be attuned to the processes by which interests, ideology, knowledge and ideas are diffused throughout typically dense institutional networks (combining public and private actors), as well as to the structures, procedures and bargaining advantages under which institutional actors may "lead" and/or engage with other actors in the formulation of policy. These are points to which we will return here and are powerfully underscored by the findings of successive chapters in this thesis

iii. The EU, institutions & organisational frameworks: a lesson in the "mapping" of institutional politics

Amongst chapter three's principal conclusions was that the particular qualities and content of EC trade policy(ies) cannot be comprehended without a central account of the unique aspects of its internal structures, processes and procedures. In particular, the range and complexity of its institutional order and system of governance-

consisting of a network of relations, rules and processes linking a set of public (Community institutions) and private actors (e.g. organised economic interests) - was presented as fundamental to trade policy formulation in the EC domain. What we have seen in the "empirical test" of chapters four & five (sectoral trade policy & multilateral diplomacy) and of chapter six (regional policy and cross-sectoral liberalisation) is that the European Community's model of policy formation and management is one of dense and complex institutional configuration. Internalised policy agreements and "process"- in the sense of consultation mechanisms, formal procedures, voting rules, inter-organisational dynamics and actor-bargaining-significantly influences trade policy outcomes and external diplomacy, with decision-making structures and procedures conditioning which actors participate in the process in a specific issue area, in which ways, and with what level of authority or bargaining power.

Central examination of the institutional mix, of internal institutional order, policy arrangements and competences, is thus integral to genuine political economy analysis of trade policy formulation in the EC case. However far we accept the role and significance of exogenous and economically-grounded policy limits and inputs - and these are real environmental pressures- the enabling of a rigorous analytical approach to the political economy of EC trade policy is **dependent** on a concentration on the organisational framework of policy formulation and on an account of the groups, actors and **institutions** relevant to trade policy-making procedures.

The first issue to be addressed therefore is what are the institutions involved in EC trade policy governance and what are the structures and dynamics governing/ characterising their interdependence, bargaining and communication. In methodological terms, and here Bulmer's (1994) work on EU governance regimes proves more useful than the "institutionalist" scholarship on U.S. international trade and import policies, this entails "identifying the boundaries of the sub-system (the policy programme)" and "mapping the policy participants". Systematically mapping the

policy participants in definition of the institutional mix serves to identify, as far as is reasonably possible, the political institutions and organised socio-economic interests etc. that are involved in policy formation (Bulmer, 1994:373).

What we have seen in this work of course is that a multi-levelled structure of trade policy formulation evidencing some flexibility and variety (dependent on issue-type) is centred on the major EU governing institutions and foreign/economic ministries of the member states, and builds to encompass a supplementary cast of institutions conditioned by the nature of the sector/issue in question, the resources and/or needs of the executive (the Commission), and the force and organisation of external interests. Chapter four's focus on EC textiles trade policy for example offers an "institutional mix" centred on the Commission (and its separate DGs), the Council of Ministers, national trade and industry ministries, internal Community committees (e.g. the 113 Committee and the European Parliament's Textile Committee), an organised retail lobby (the FTA), and a range of European level (e.g. Comitextil) and national level (e.g. Gesamttextil) producer groups. Sectoral clusters emerge in management of the Community's "association policy" towards the economies of central and eastern Europe (see chapter six), whilst in address of EC agri-trade policy, a multi-levelled complex of actors is characterised with ample illustration of the often torturous processes of internal negotiation and of the interaction of strong national preferences (e.g. French farming interests) with the institutions of the Community itself.

It is clear that principal authority and negotiating powers lie between two EU-level institutions, the Commission and the Council, as was the case both with the Uruguay Round and the Europe Agreements, and it is critical to EC trade policy both that on major issues of external negotiation/agreement consensus has to be built within the Council and that the Commission can only negotiate on behalf of the member governments on the basis of mandates secured from the Council of Ministers. But whilst the trade policy analyst focuses naturally on the political roles, interests and missions associated with these primary institutions (and on their relationship), the overarching notion is that the Community's **inter-institutional**

relations or dynamics represent a multi-actor, multi-levelled game of near constant bargaining and preference adjustments. Layers of internal negotiations between the Commission and the 113 committee and between the Community's executive, member government departments and the Council (Murphy, 1990b:118) form a central loop of inter-institutional dialogue/bargaining but this core has been seen to extend to a supplementary cast of further institutions, organisations and bureaucratic fiefdoms in each of our concentrations. In all cases, organised economic interests (e.g. COMITEXTIL, COPA, FNSEA, the FTA and Eurofer) have figured prominently amongst the cast illustrating the importance of private as well as of public (political) institutions and relations at and between the EU- and national-levels.

Exercises of decision-tracking and process- tracing have also illuminated the extent and importance of **intra-institutional** bargaining and conflict. The Council of Ministers has been frequently divided over commercial questions such as the phasing out of the MFA, acceptance of various agricultural agreements, and the speed of regional trade liberalisation (a natural process of intergovernmental conflict and reconciliation) but it is the negotiation inside the Commission itself that is generally neglected in "inter-governmental" and other accounts of EC decision-making. Intra-Commission differences are a major political reality and this study has presented ample evidence to suggest the requisite of decomposing the Commission itself in effective policy analysis. In agriculture, rivalries and a dissonance of certain views between DG-1 and DG-VI were observed in the definition of the Community's opening negotiating position in the Uruguay Round talks and around the period of the Blair House Agreement (see chapter five). Such divisions may not have been as substantial in consequence for the pace and form of policy development as the inability of certain member governments to make concessions over agriculture and the effective constraints placed on the Commission in its external dealings (at Heysel, at Chicago, and in the countless Geneva based discussions) but have nonetheless featured as an important factor in the development of EC agri-trade policy. Those negotiating with the Community at least perceived the meaning and possible

consequences of such divisions, witness the observation of one quoted American trade officer that:

"On big issues the Commission seems consistent but when you deal with the small issues it happens occasionally that DG-I becomes a basic ally, because they have an interest in resolving the disputes, whereas DG-VI's interest is in protecting the market. If things are getting blocked up in DG-VI we can sometimes go to DG-I and say 'look, you've got to do something about this and turn the screws'."

Underpinning this interpretation, and it is one common to many of those trade officials I have interviewed, is an implicit view that the culture of DG-I promotes an interest in the settlement of international disputes and a more liberal attitude to trade and competition. Certainly this study has provided evidence of DG-I support for more radical liberalisation measures than those countenanced by several other actors (including other Commission directorates) in connection with sectoral policy development. Analysis of textiles- and agri-trade policy-making is suggestive of this internal Commission balance but it is in analysis of the Community's management of a cross-sectoral liberalisation programme directed towards central and eastern Europe that this is especially clear. Here chapter six presents a DG-I (external trade) bureaucracy operating under a clear perception of the advantages of enhanced trade and economic co-operation with reforming CEECs and support for the location of a trade liberalisation approach within a policy of association. The association policy and the principle of qualified free trade in non-agricultural products was certainly conceived under a set of pressures (exogenous and endogenous) for heightened regional links and security as well as an increment upon earlier policy initiatives, but it is clear from the evidence presented that the DG-I bureaucracy demonstrated a strong commitment to trade liberalisation as a vehicle for the extension of the EC acquis and was the dominant institutional force in elaborating a programme of conditional asymmetric liberalisation and in advancing trade liberalisation timetables in contest with several member states.

Ultimately analysis of organisational factors in Community policy-making reflects the fact that "the power balance between the bodies concerned" is a critical concern

and explanatory force (Bulmer, 1994:359). Again, chapter six explores how the influence of individual policy actors is structured by divisions of power and competence in treaty-making processes, whilst all chapters attest to the privileged positions and/or sources of authority of individual institutions. Most notable in this context perhaps, is the way in which the Commission enjoys an evident position of privilege in the commercial policy-making system of the EC, though its capacities are constrained by its resource dependencies and by the decision-making authority of the Council. The Commission (and its relevant directorates, e.g. DG I, and variably DGs II, IV & VI) plays not only an active role in the brokering and intermediation of policy ideas and interests but an evident leadership role as well. This is clear for example in the account of the Community's textiles trade policy since the mid-1980s (see chapter four) which also illustrates the full set of points established about the Community's institutional order.

In continuation of this point, what emerges in this investigation is the extent to which the Commission, informed by a growing tendency towards the promotion of industrial adjustment and the idea of "open" trade, exerted a firm control on textiles-trade policy, playing a "leadership" role grounded in its role of negotiating agent, powers of information and initiation. The power of national interests is not relegated, there is a crucial and institutionalised process of reconciling divergent national interests identified here and one related to a particular pace of policy evolution and advancement, but the explanatory role attributed to the power of special interests or producer interests is diminished (relative to corporatist accounts of earlier policy history) in an essentially "institutional" story identifying producer groups as a weakened force in a policy network led by an empowered European Commission. As in the analyses of agri-trade policy and of a major aspect of the Community's regional trade strategy, it is this organisational network or "institutional mix" and its associated processes and dynamics that is placed at the heart of an analytical approach to policy analysis. The Commission's progressive extension of further and firmer control over policy in this area and its fashioning of compromise

between varied member governments and industry interests is made central to an account of policy and policy change.

iv. Institutions, ideas and interests: an integrated view of trade policy formation

It is clear however in reflection on preceding comment and on the substance of chapter four, that an integrated view of textiles trade policy formation is taken with “network-based” relations between the Community and external institutions (e.g. Comitextil) delayed, exogenous policy pressures evaluated, and a stress placed upon a competition of policy ideas played out through the Community’s complex institutional structures. This is characteristic of what is presented here as an “open-institutionalist” approach to policy analysis. Advocated throughout this thesis has been the move towards what Odell (1990:160) has termed “a more comprehensive and integrated view of the issue” (Odell, 1990:160) and whilst institutional factors and politics are given an analytical primacy here, the institutional approach taken in this study has encompassed consistent attention to the weight, force and institutional structuration of macroeconomic, international, societal and cognate factors.

The former (macroeconomic and international policy pressures) are generally addressed as significant environmental factors in trade policy-making, contributing to the definition of policy possibles, driving the preferences and pressures of important actors (e.g. market-driven corporate preferences) and representing the structures and regimes within which policy choices are made. They are not however made central to the explanation of actual policy decisions.

The greater place given to **organised interests** in this framework requires a more detailed account here. Fundamentally this is a reflection of the evidence of the significant and continuing influence of non-state actors in trade policy formation and of the multi-actor approach taken to trade policy analysis in this study. Certainly the mobilisation of domestic economic interests in the studied sectoral expressions of Community trade policy has contributed directly to the play-out of conflicts and

competing interests in the EC system, representing a significant factor in policy development. Traditional political economy approaches to foreign economic policy-making (see chapter one) and interest-based approaches to EC decision-making (see chapter two) have of course centred on the influence and behaviour of organised economic interests, and whilst such an orientation is rejected in this thesis under the prevailing assumption that the influence of special interests is conditional upon access and leverage in structuring institutional configurations, the focus on institutions in this study is an inclusive one.

The approach taken here has in fact cut across the public-private distinction, deliberately placing various economic interest groupings within relevant institutional configurations and establishing, through a synthesis of ideas associated with the policy networks literature, the significant role of private actors/interests in loosely conceived networks coalesced around sectoral issues. This escapes the limitations of traditional micropolitical and public choice frameworks of interest-based analysis (see chapter one) which, if transferred to the Community domain, would be insufficiently attentive to the structuring role of political institutions, to the fluidity and mobility of the EU system, and might postulate a political market for protection marked by utility-maximising behaviour. The EC political system could be argued as being asymmetrical as a result of the establishment of numerous Euro-organisations representing producer interests (Nedergaard, 1993) and a political market for protection might be envisaged in some sense with an evident interaction between industry, (and at the national level at least) voters and political decision-makers, but what characterises the EC trade decision-making process is the executive control of policy administration, the existence of that central executive in a position of liberty from many of the political pressures that drive decision-making in ordinary nation-states, and the regulation/control of access to the policy-making system.

Certainly the policy influence of organised economic interests in the EC is variable. With respect to agri-trade policies it is clear that the CEA and COPA (pan-European) and national professional groupings can be seen to have maintained a regular dialogue with DG-VI throughout the period of the Uruguay Round negotiations,

consistently influencing Community positions and diplomacy (see chapter five) but the end-result of the WTO Agreement on Agriculture and domestic CAP reform seems to question at least the degree of power and influence often assumed of the European agricultural lobby. The evidence with respect to Community textiles trade policy (chapter four) seems to suggest that disunity and poor organisation amongst producer interests weakened a traditionally powerful influence, and the analysis of chapter six reinforces the point that the capacity of industry-actors to influence the Community's stance in negotiations with the CEECs was a product not simply of the organisation and mobilisation of industry interests (a demand pressure) but of the extent to which Community procedures for evolving policy and for conducting negotiations provided scope for the effective communication of industry preferences.

Using the agricultural case to establish some final conclusions here, the WTO Agreement on Agriculture, in its preservation of the bulk of modern agri-protections and the basic mechanisms and principles of the CAP might suggest the analytical relevance of theories of special interests. It is clear however that concessions in several areas including price reforms, subsidy cuts and terms-of-access were made by the Community despite major protestations by the farm-sector unions and that the Commission's trade negotiators had a clear agenda (often at odds with industry mandates) centred on making the EC farm sector more competitive, realising sectoral reforms, controlling areas of international dispute, and facilitating a global trade agreement. Thus, though Community policy has been influenced by the political weight and organisation of the European farm lobby, and though processes of national policy formulation (especially in France and Germany) continue to demonstrate the influence of the farm lobby in national politics, explanation of EC agri-trade policies has to rest with broader explanation. Though the function here is not to repeat the lengthy conclusions of chapter five, this broader explanation turns on a multi-dimensional account of dense and various policy roots in which attention is drawn to the policy effects of several forces and to the policy pressures exerted by various actors in structured processes of internal and external negotiation. It is alongside the address of inter- and intra-institutional dynamics; of institutionalised

processes of inter-governmental bargaining (as manifest here principally in the EC's Farm Council); of interlinkage between domestic and international market structures; and of the political role of ideas and values, that a sub-theory of special interests is evolved in terms of an account of network processes of dialogue, consultation and lobbying between numerous policy actors. This adds causal complexity but is a necessary element just as the systematic address of the political role of ideas and values is an integral feature of the approach adopted here.

The **relationship between ideas and institutions**, an "ideas-institution nexus", has concerned several analysts of foreign (economic) policies (e.g. Goldstein, 1986, 1988 & 1989; Checkel, 1993; Sikkink, 1991; Mares, 1990; Goldstein & Keohane, 1993) with leading ideas reviewed at length in the first chapter of this thesis. Ahead of the detailed examination of the Community case, conclusion was reached that whilst "ideas matter", in terms of the influence of belief systems, embedded institutional values, and competing policy recommendations, that the challenge for a cognitive view of foreign economic policy-making was to realise a stronger examination of the ways in which ideas take hold, flow and function within policy-making systems, to examine the political and institutional contexts that shape and filter ideas. The evidence presented with respect to Community policy-making processes in this thesis provides overwhelming support for the view that the EC trade policy process can be witnessed as a battleground for diverging value laden and intellectual impulses and as a process in which conflicting policy recommendations battle for support and translation into policy, something akin to Kingdon's (1984) "policy soup" .

This reality is again a multi-levelled one. At one level there is a form of "ideological heterogeneity" representing cultural, ideological and value differences among and between the member states. This does not negate the formation of "common values", as with a fairly homogenous European attitude to the social importance of agricultural production, but reflects the different traditions, histories and economic philosophies of member governments. Most simply this is representable in terms of a north-south cleavage with northern member governments, frequently in coalition with the

Commission's 'liberal' trade directorate, promoting and supporting liberal measures or mandates against the more defensive impulses of southern member governments. Illustrations of this in this thesis have been numerous in account of the Community's regional trade strategy, in address of market access issues in the agricultural and textiles sectors, and, briefly, in address of the development of the Community's trade policy instrumentation (see chapter three). At a second level, it is clear that cross-currents of policy ideas or principles are introduced and promoted by the full range of policy actors under a range of pressures. Examples are too numerous to recall but we can quickly turn to the "ideas" of asymmetric trade liberalisation and conditional application in the EC's association policy towards central and eastern Europe as notable examples. These have to be seen of course against a broad ideological backdrop and often reflect reactive rather than proactive policy-making, something of a Community pattern. It has been apparent that the ideas and perceptions governing the Commission's trade directorate (given its mission and responsibilities) have been particularly important to the course and development of Community policy, and within this those of individual Commissioners (e.g. Brittan, MacSharry & Andriessen), but policy ideas and recommendations have been projected at different junctures and on different issues by member government administrations, lobbyists and policy experts. One important dimension of this is the Commission's ongoing relations with industrial groups and both the Commission's and member states' recourse to technical and legal expertise a point that should become more apparent with examination of EC trade policy in "new issue" areas. Again however, it is to be recognised that the introduction or development of ideas in EC trade policy-making processes only follows the presence of "embedded" ideas and/or practices in the Community's institutional structure and history of action, points developed in chapter three to this thesis.

In conclusion here then, from the identification of an evidently unique and multi-levelled organisational framework marked by several layers of action, emergent policy networks, and complex institutional dynamics, analysis has highlighted the ongoing adjustment of national preferences in a constant and

institutionalised process of bargaining; a competition of policy ideas and ideological impulses; the significant, if uneven, policy influence of organised economic interests; and complex processes of inter- and intra-institutional politics that often leave common policy at the point of gridlock. Many of the features observed are those treated centrally, and often separately, in those established studies of Community decision-making as reviewed in chapter two of this thesis and in prior models of FEP analysis where comparable factors (principally ideas, institutions and interests) have proved inadequate as sole unifying vehicles of policy explanation.

Given the variety and inter-relatedness of these central factors in European trade policy formulation, the really significant point here must be that the understanding of EC international trade policies can only be achieved through an eclectic political economy approach capturing their overall contribution and inter-play. There is a vast range of actors, institutions, problems and ideas from which Community policy finally emerges, policy-making is often sectoral or issue-based, and concepts from a range of models are to be utilised in order to at least accurately describe the policy process "however uncomfortable that notion may be" (Richardson, 1996:20).

Though this runs against the grain in terms of the study of foreign economic policies where structural and more parsimonious state- and society-centred explanations have predominated (see chapter one), the particular case of EC trade policy formulation with its dense complex of policy roots, its complex and multi-levelled structures of institutionalised bargaining, and its distinguishable policy networks, certainly appears unexplainable in terms of a grand or unified theory. The inter-relatedness of these factors (organisational, political, economic and ideological) and the apparent variation and fluidity in EC trade policy-making substantiated by original empirical study here, necessitates richer and multivariate theorisation in a more pluralist research programme. Crucially it cements the argument against the substitution of the investigation of actual processes and decisions with the postulation of universal laws of action and the methodological parsimony of macro-level theorisation.

In this context, the relevance of a "new" and "open" institutional framework has been impressed, with the EC providing the student of foreign economic policy with a multi-tiered, institutionalised and bureaucratic policy-system which may only be captured through such an analytical framework. On the basis of evidence presented, of insights and understandings evolved through extensive qualitative research, it is finally inconceivable that the trade policy analyst would not, as a central element at least, take full account of the multi-layered institutionalised nature of policy determination in the Community's case.

v. The theorisation of foreign economic policy and future direction in trade policy analysis

This study has provided genuine and original instruction as to how such analysis can be achieved, bringing to the fore a neo-institutionalist mode of investigation rooted in exercises of boundary setting (including "institutional mapping") and in exercises of decision-tracking and process-tracing. It turns on an account of how political institutions contribute, contextualise and structure policy ideas and recommendations, and engage with private actors/institutions associable with activated organised economic interests. Within this, network processes, and inter-institutional dynamics are conceived and "tracked" so as to achieve a careful attention to institutional leadership, bargaining and discursive processes (at and across different levels of governance, administration, interest formation and aggregation), and so as to integrate the reality of inter- and intra-institutional processes. This leads to the identification of the EC case first with complexes of institutional actors engaged in multi-levelled processes of bargaining, agenda formulation and policy-setting, and second with the notion of institutional structuration and mediation (of ideas and interests) and of policy leadership on the part of central institutional actors.

This begs the question as to where this leaves us in terms of our understanding of international trade policy-making (and of foreign economic policy per se) and not

simply our understanding of decision-making in the Community's case. This thesis has advanced itself via the adoption and adaptation of a neo-institutionalist methodology which carries with it an embedded assumption that it is itself an historically-grounded "approach" and that each of its subjects is a particular historical construct. The Community is a unique policy-making system- though not one without a comparative "pulling and hauling" in policy development (Ikenberry, 1988a; & Smith, 1994)- and one challenging traditional notions of state-administered foreign (economic) policy. Thus, whilst appreciation of the contours of its model clearly broadens the empirical test of ideas, theories and traditions associable with the FEP sub-discipline, is the outcome more significant than this ?

Unequivocally the answer to this question is a resounding 'yes'.

It is ultimately this neglected case of the European Community's external trade policy that has functioned to develop thesis arguments with respect to the theorisation of foreign economic policy. Though formative arguments concerning the importance of multivariate and historically grounded 'institutional' studies emerged from early address of a U.S.-centred study of international (economic) policy-making (see chapter one), it is clear that our study of Community policy-making has been the test, engine and carrier of a series of arguments. Postulations concerning the importance of institutional structures in contemporary policy-making systems, concerning the role and structuration of organised economic interests and of cognate factors, have been pursued through an original approach to the Community model. As with an institutionally-oriented account of American foreign economic policy, this encompasses a move away from ascendant economic and realist explanations of trade policy formulation and towards a central emphasis upon arrangements at the policy-level of governance, formal political institutions, procedures and dynamics in decision-making processes.

Indeed, study of its case should not only convince the analyst of foreign economic policy that there is considerable mileage in the disaggregation of the policy-making

"state" but shows how this can be achieved through processes of institutional mapping, inclusion (the taking of a mixed actor approach) and through an exacting concentration on intra- as well as inter-institutional dynamics amongst complex networks of policy actors. It is clearly significant that, in comparative tradition, we can compare the Community's multi-layered complex and policy authority with an American system marked by an evident diffusion of power and fragmentation of political authority, but it is even more significant that we can again assert and evidence the shaping and constraining role of governance structures and political institutions on international trade policies and impress the clear insufficiency of macro-level explanation and of relevant 'hard-core' assumptions in realist thinking (e.g. the unitary actor postulate). Equally, whilst this gives credence to the institutional lead taken in much analysis of American foreign economic policy-making (see Goldstein, 1986, 1988 & 1989; Ikenberry, 1988a & 1988b and those several accounts referenced in chapter one), what is more significant here is the form of institutional lead offered in this account of Community policy and the signals it gives to the future analyst of foreign economic policy.

In terms of dealing with institutions, organisational factors and effective policy analysis, this study has invited its own connections to a tradition of historical institutionalism (in politico-scientific studies) and offers nothing to contest or to question those insights gained in analysis of a range of literatures on legislatures, public policy-making, local government, and statehood (see March & Olsen, 1984 & 1989 for a coverage of contemporary institutionalism in a range of social sciences). The more direct connections (see chapter one) have been made to a series of "new" institutionalist investigations of trade, technology and development policies (e.g. Goldstein, 1986, 1988 & 1989; Checkel, 1993; Sikkink, 1991; Ikenberry, 1988a & 1988b; & Mares, 1990) and centrally to those institutional accounts of American foreign economic policy. But a review of chapters three to six, and of their principal conclusions, provides justification to the use of the term a "new institutional approach" in the titling of this thesis. Taking those works on U.S. trade administration and diplomacy reviewed at such length in chapter one, the

prevailing treatment of institutions has revolved around an emphasis on the relative autonomy of domestic political institutions, upon a presentation of state structures as the shapers and constrainers of societal and international pressures, and upon a variable identification of policy shifts with reconfigurations of roles and authority and/or examples of the value-laden entrenchment of policy. Ikenberry's (1988a:222) conclusions on American foreign economic policy capture the essence and analytical meaning of this when arguing that:

"an institutional approach that focuses on the dynamics of institutional structures and on the manner in which those structures shape and constrain societal and governmental actors provides a promising, if poorly elaborated, research program for the study of foreign economic policy."

The institutional approach marking this study begins within these terms and is facilitated simply by the essential (re)interpretation of the state in institutionalist writings as a collection of institutions, procedures, rules of behaviour, norms, roles, physical arrangements and other structural characteristics. However, progressing beyond the state-centrism inherent in this literature (certainly as evident in the study of FEP) and recognising the "poor elaboration" remarked upon above, the approach characterising this thesis and applied directly to the somewhat neglected case of the European Community has evolved as a distinctive "institutionalist" approach combining exercises of institutional mapping and process-tracing with notions from nascent cognate literatures in FEP and a policy networks literature for which fascination with the Community case is reasonably well established.

It is this more integrated view of international trade policy-making, and one breaking boundaries in the study of FEP, that helps to enrich understanding and to capture a fuller array of factors affecting complex processes. It has been a consistent argument in this thesis that narrowly engineered, mechanistic and/or uni-dimensional "explanations" of trade policy and protection offer parsimony at the expense of understanding (see centrally chapter one). This is coupled to a principal argument that the debate on the "determinants" of foreign economic policy (the term "influences" is preferred here), and of international trade policy as prime

example, should rotate less around whether state actors, societal factors, market or international pressures are more important, and more on how institutions differentially process external constraints, how they mediate interests and societally-generated pressures, and how they structure the access of groups and shape and filter ideas in the policy-making process. The starting point of an institutionalist focus and the development of an integrative approach drawing on elements of state-centred, societal and cognitive perspectives in FEP and public policy, should be appreciated not simply as an assertion of the importance of institutions, but for the degree to which it provides scope for an added account of a range of causal variables situated at the international, unit and individual levels (see address of the level of analysis problem in chapter one).

This integrated view of trade policy formation then, rooted intellectually in the foundations of historical institutionalism, does little in pursuit of a parsimonious or universal model of contemporary trade policy. It is clear however that those levelling criticism at this level would have simply failed to have grasped many of the essential arguments in this thesis. Throughout this work, both in reflection on recent scholarship on U.S. international trade policy and in construction of an original approach to the Community's case, I have been careful to reflect and to demonstrate a reality of complex choices in complex policy-making environments. It is in relation to this that the suggestion of a "new institutional approach" in focus on governance and behaviour at the policy-level, has been tied to claims of "understanding" not "explanation" and to a repeated rejection of universal laws and mechanistic explanation. An emphasis has been placed on conditional and contingent theorisation with suitable qualification of all knowledge claims in connection to a Community example.

There is a hesitation here to dictate a future course or direction for trade policy analysis but a clear sense that the proposed approach may yield significant insight in analysis of commercial policy-making in mature political systems, that the political roles of ideas, institutions and interests might be placed positively at the heart of research programmes (as inter-related variables) and with expectation of genuine

insight. Fundamentally the challenge continues to rest with detailed case investigation and with the selection and sharpening of our analytical approaches. It is to be understood that such choices may in future be made with an improved understanding of the relationships between those variables centralised in this work (ideas, institutions and interests), and with a clearer sense of possible methods but the greater issue is that of realising a more integrated view of international economic policy-making and of constructing theories (by whatever means and forms of synthesis) which purport to account for and to predict decision processes and not merely decision outcomes. This thesis commenced with argument that trade policies "continue to have substantial impact on the operation of the world system" (see page 001) and concludes with a reassertion of the very earliest point that consequently better knowledge about trade policy processes is of obvious practicable as well as of academic importance. It is in the context of this understanding that analysis is drawn to a close and that this thesis is offered as an original contribution to understanding in this realm.

APPENDICES

APPENDIX ONE (1)

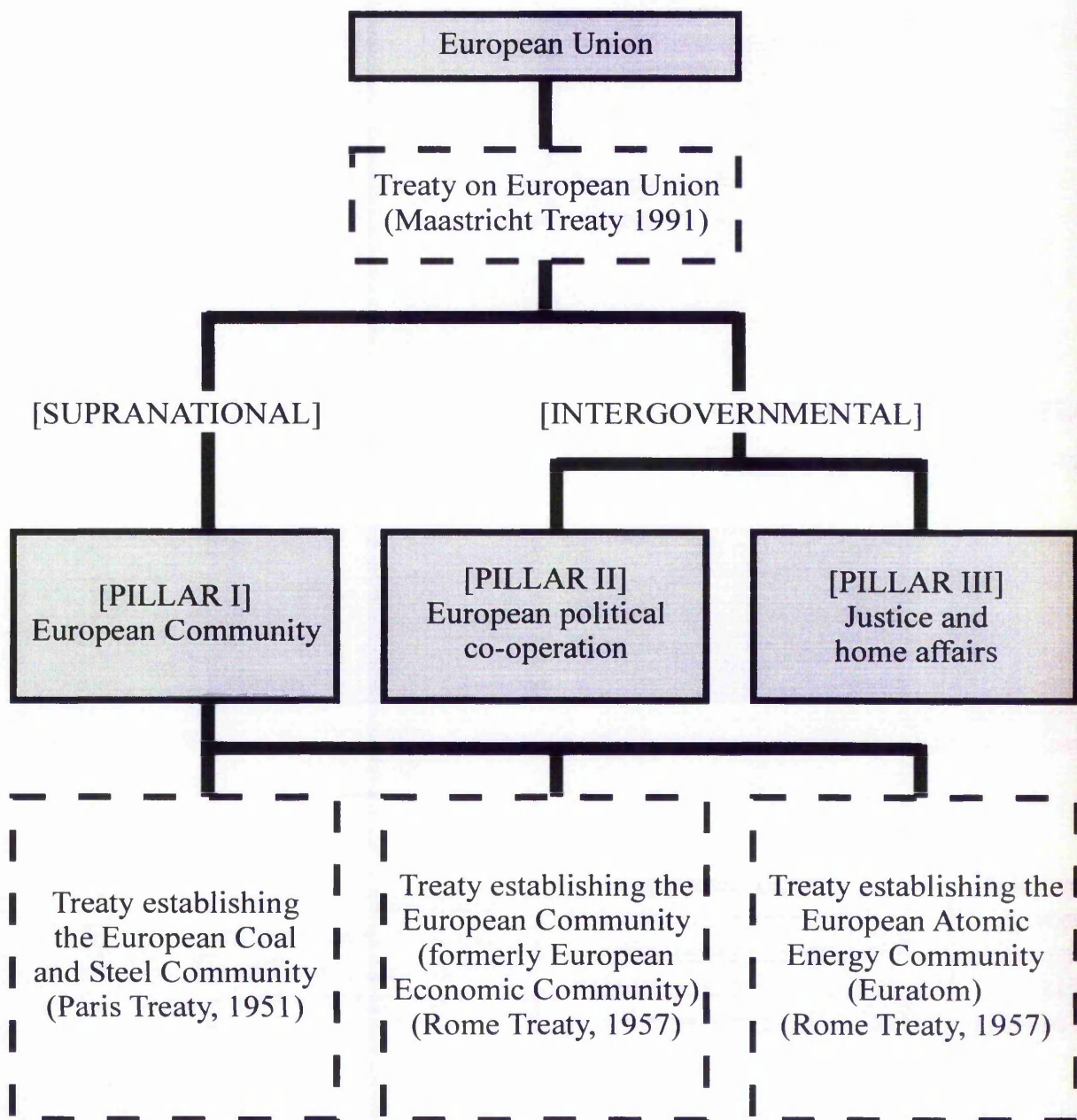
List of formal interviewees and affiliations at time of project

(most interviews conducted between August 1993 and June 1994)

Mrs. Maeve Doran-Schiratti	Commission of the European Communities, Brussels, Directorate-General I - External Relations (Head of Unit 2., Directorate A)
Mrs. Mary Minch	Commission of the European Communities, Brussels, Directorate-General VI - Agriculture (Head of Unit 1., Directorate H)
Ms. Sarah Atter	Commission of the European Communities, Brussels, Directorate-General VI - Agriculture (Administrator, Directorate H)
Mr. Martin Hermansen,	Agricultural Counsellor, The Royal Danish Embassy, Sloane Street, London
Mr Vincent Keene,	Agricultural Counsellor, The Irish Embassy, Grosvenor Place, London
Mr Tim Richards	Senior Trade Policy Officer, Economics Division, United States Mission to the European Communities, Brussels
Mr David Hegwood	Trade Official, Agricultural Division, United States Mission to the European Communities, Brussels
Madame Peijs	MEP & Member of the External Relations Committee of the European Parliament, Brussels
Mr Richard Balfe	MEP & former Member of the External Relations Committee of the European Parliament, Brussels
Mrs Lindsey McCallum	Commission of the European Communities, Brussels, Directorate-General I- External Relations (Administrator, Directorate A)
Mr Emile Noe	Commission of the European Communities, Brussels, Directorate-General I- External Relations (Administrator, Analysis and Policy Planning Unit)
Mr. Janusz Kobryner	Commercial Attache, Embassy of the Republic of Poland, Devonshire Street, London.

APPENDIX TWO (2)

Figure A2.1- The EU and the European Community: Treaty foundations



APPENDIX THREE (3)

Figure A3.1- Percentage Share of the EU, the US and Japan in world trade

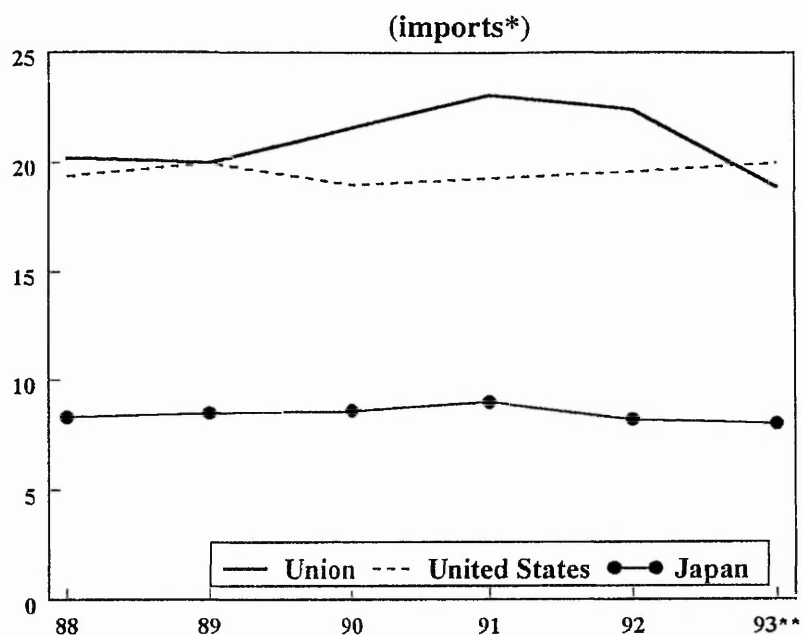
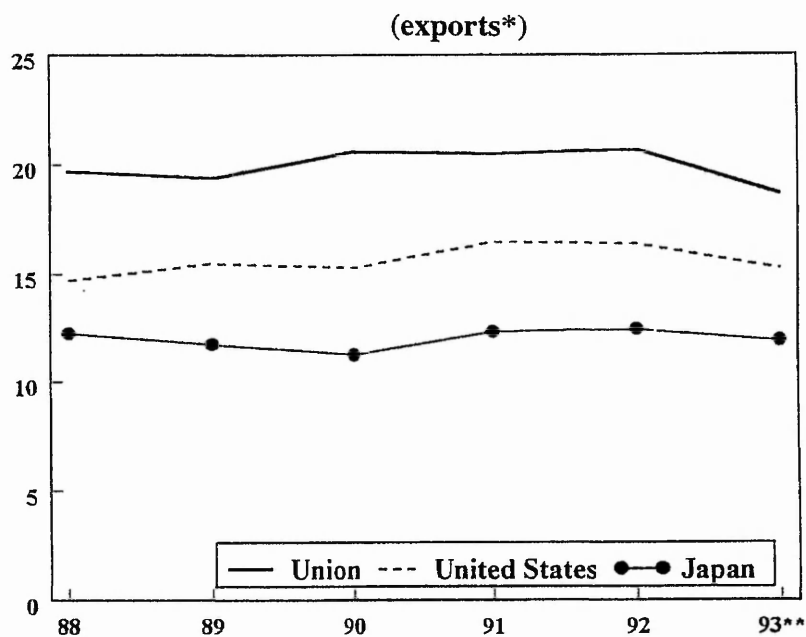


Figure A3.2- Percentage Share of the EU, the US and Japan in world trade



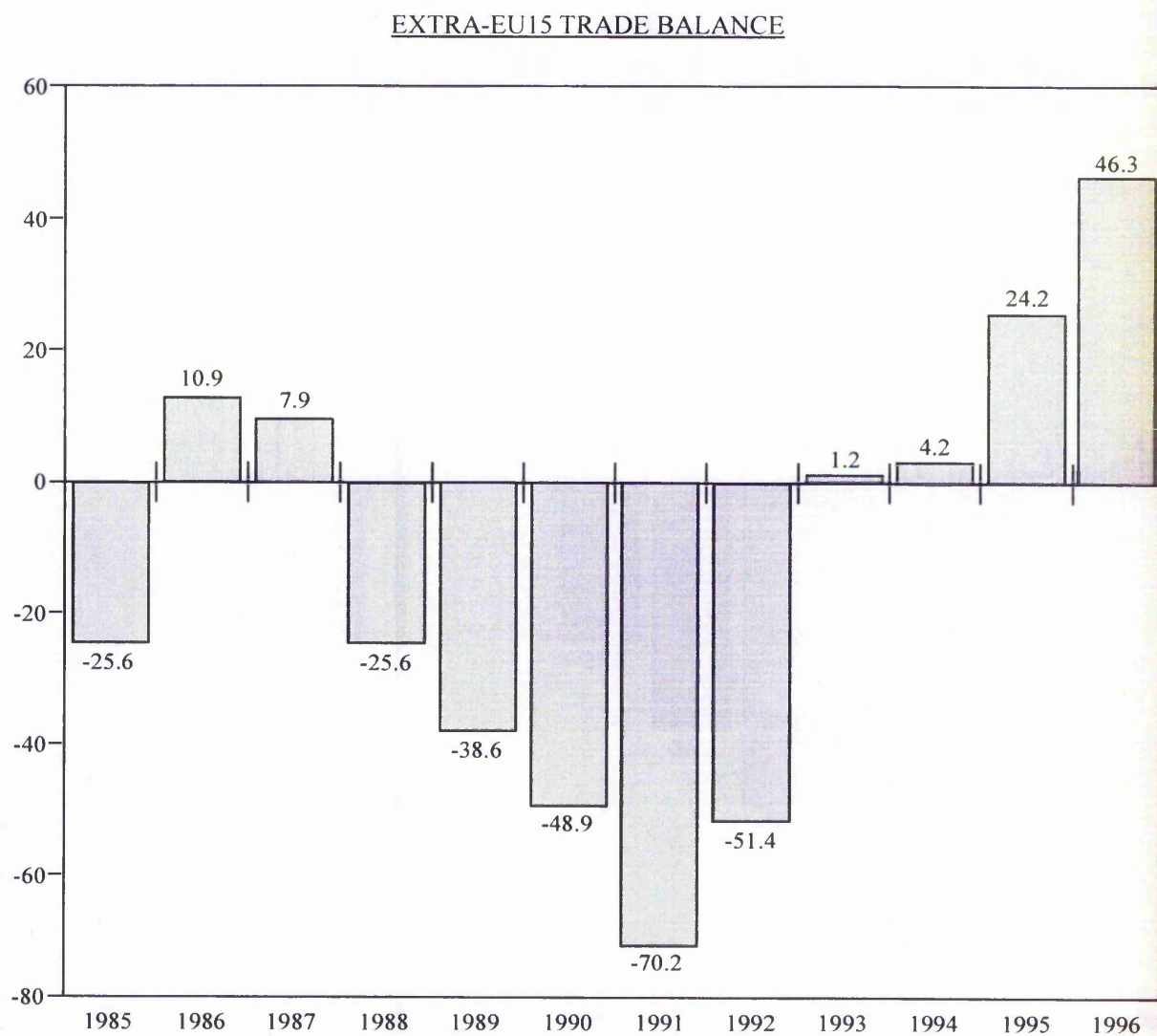
(*) Intra-EU excluded

(**) Estimated

source: Eurostat

APPENDIX FOUR (4)

Figure A4.1- Extra-Eu15 Trade Balance, 1985-96



Source: Eurostat News Release No. 30/97

APPENDIX FIVE (5)

Figure A5.1- Extra - EU15 trade (Flows)

Flows	Q195	Q295	Q395	Q495	1995	Q196	Q296	Q396	Q496	1996
Exports										
Values (in billions of ECU)	137.1	142.5	135.5	153.8	569.0	143.7	153.6	152.4	170.4 E	620.1 E
Growth rates*	12.2%	8.3%	7.8%	7.8%	9.0%	4.8%	7.8%	12.4%	10.8%E	9.0% E
Imports										
Values (in billions of ECU)	134.6	137.0	131.3	141.9	544.8	142.5	144.5	138.2	148.5 E	573.7 E
Growth rates*	5.8%	7.9%	4.8%	3.9%	5.6%	5.9%	5.5%	5.3%	4.6%E	5.3% E
Trade balance										
Values (in billions of ECU)	2.5	5.5	4.2	12.0	24.2	1.2	9.1	14.1	46.3 E	46.3 E

*: The growth rate is calculated in comparison with the same period of the previous year.

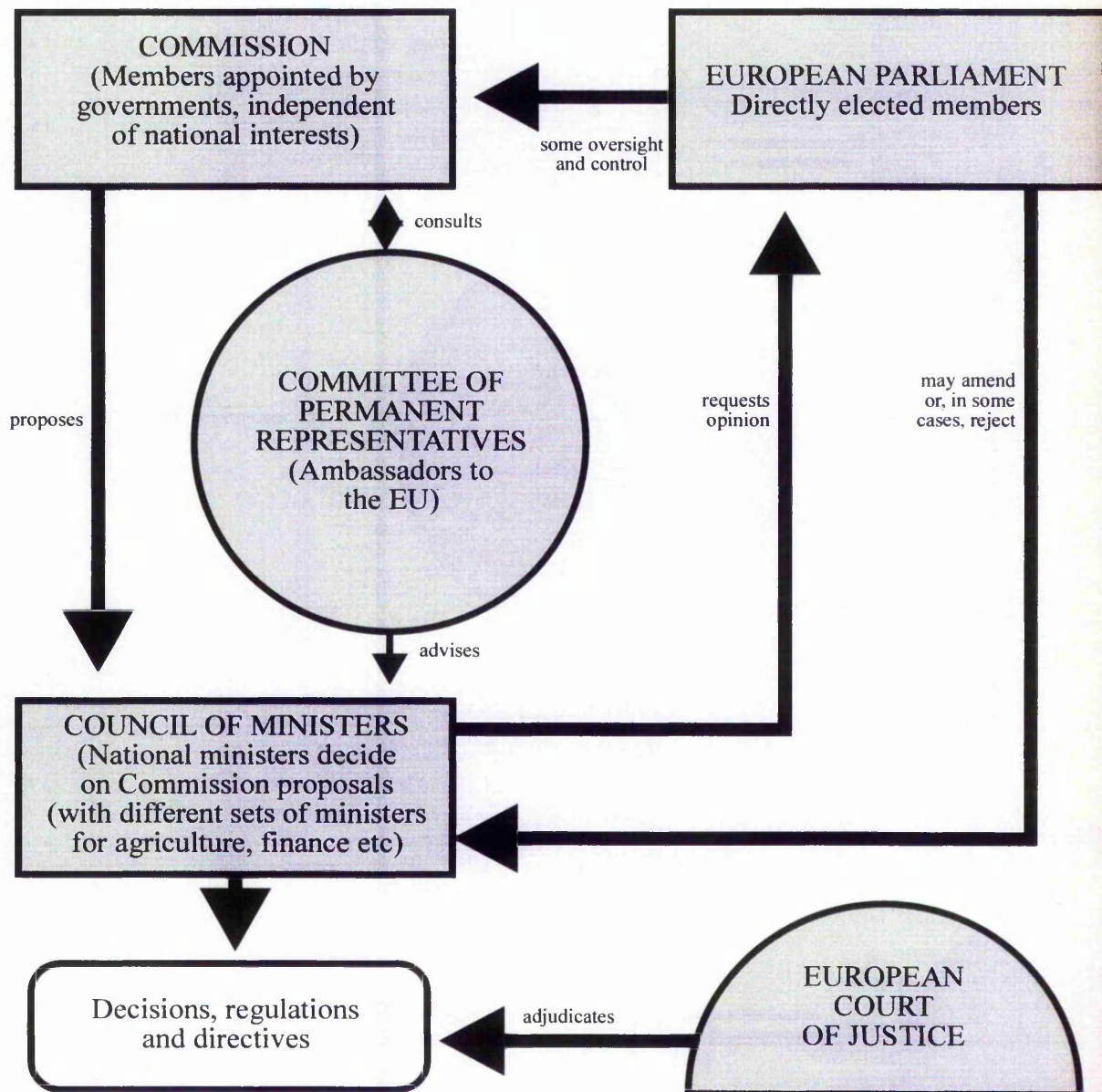
Figure A5.2- External trade values of the member states in 1996

Reporting countries	Exports / Dispatches			Imports / Arrivals			Trade balances		
	Extra-EU	Intra-EU	Total	Extra-EU	Intra-EU	Total	Extra-EU	Intra-EU	Total
BELGIUM-LUXEMBOURG	32.2	105.2	137.5	35.0	92.3	127.3	-2.8	12.9	10.1
DENMARK	13.0	26.0	39.0	10.2	24.0	34.3	2.7	1.9	4.7
GERMANY	176.1	228.0	404.2	143.5	206.8	350.3	32.6	21.2	53.9
GREECE	4.7 E	4.7 E	9.5 E	7.7 E	13.2 E	20.9 E	-2.9 E	-8.5 E	-11.4 E
SPAIN	26.8	54.0	80.8	28.8	60.9	89.7	-2.0	-6.9	-8.9
FRANCE	90.1	148.0	238.1	73.7	153.7	227.4	16.4	-5.7	10.7
IRELAND	11.0	26.2	37.2	9.0	17.5	26.6	1.9	8.7	10.6
ITALY	88.5	109.2	197.8	63.8	99.3	163.1	24.7	10.0	34.7
NETHERLANDS	30.9 E	133.0 E	163.8 E	53.8 E	93.8 E	147.5 E	-22.8 E	39.2 E	16.4 E
AUSTRIA	15.0	29.4	44.4	13.1	39.8	52.9	1.9	-10.4	-8.5
PORTUGAL	3.8	14.9	18.7	6.6	20.2	26.7	-2.8	-5.2	-8.0
FINLAND	14.7	17.6	32.3	8.5	16.1	24.6	6.1	1.6	7.7
SWEDEN	28.6	38.3	66.9	16.2	35.4	51.6	12.4	2.9	15.3
UNITED KINGDOM	84.6	118.2	202.8	103.8	126.4	230.2	-19.2	-8.2	-27.4
EU15	620.1 E	1052.9 E	1673.0 E	573.7 E	999.3 E	1573.1 E	46.3 E	-	-

E: Eurostat estimate

APPENDIX SIX (6)

Figure A6.1- The decision-making process of the European Community: A foundational model



APPENDIX SEVEN (7)

Figure A7.1- Textiles, clothing and footwear trade balance (million ECU)

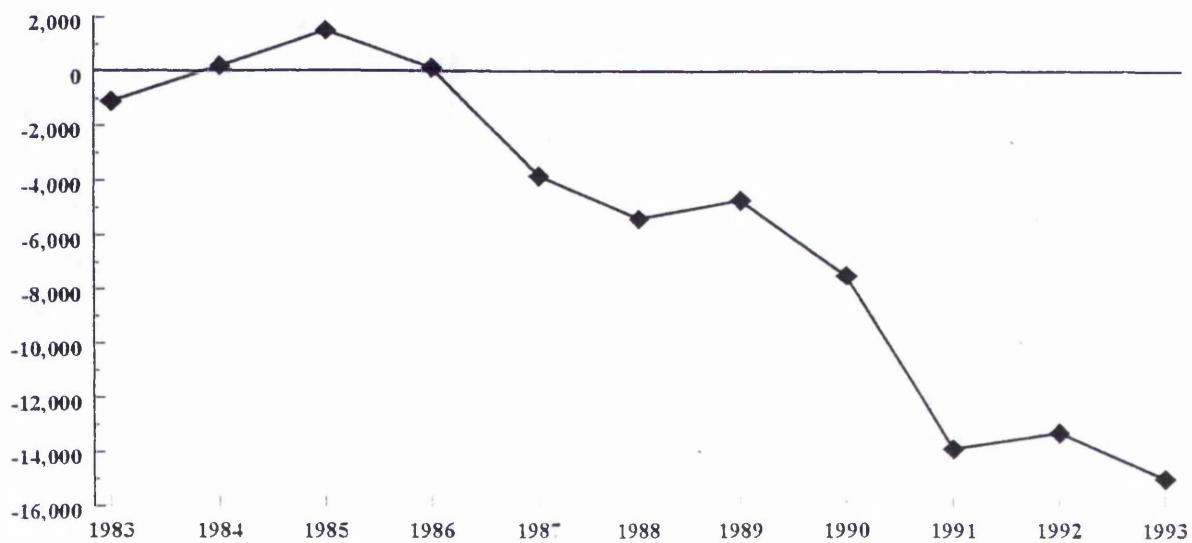
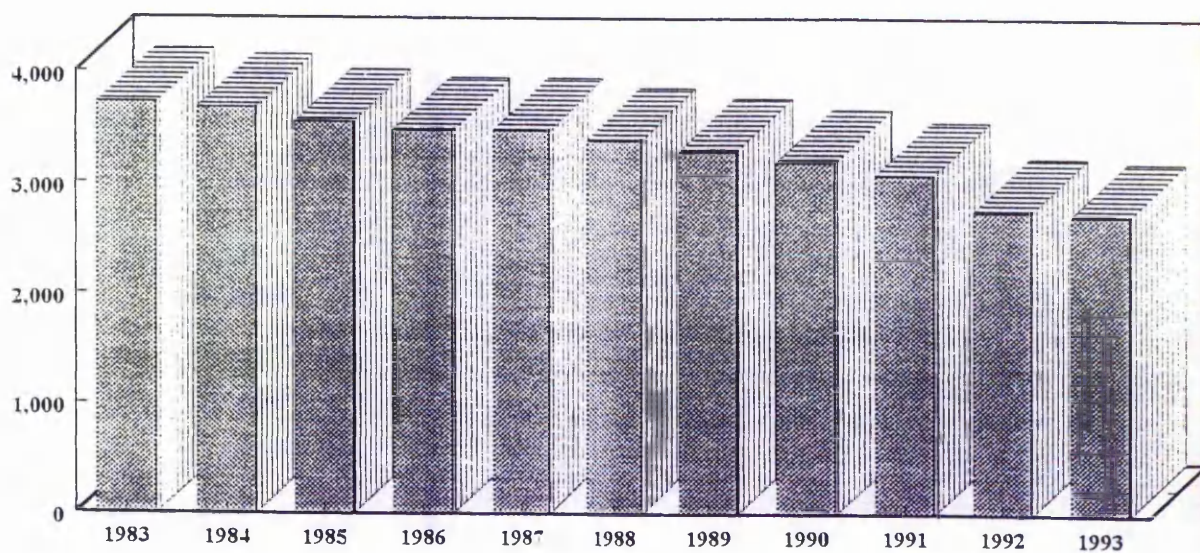


Figure A7.2- EU Employment in textiles, clothing & footwear sectors (thousands)



source: WTO (1995b: 42)

APPENDIX EIGHT (8)

Sample CEA position paper on the GATT negotiations

45th General Assembly of CEA
(European Confederation of Agriculture)
September 13 - 16 1993, Maastricht (NL)

Original French

CEA POSITION PAPER ON THE GATT NEGOTIATIONS ON THE EVE OF THE JUMBO COUNCIL of 20th September 1993

On the eve of the meeting of the European Council of Ministers of 20th September 1993, the professional agricultural organisations of the twenty countries of Greater Europe, united within the CEA, **declare** their firm commitment to the **construction of Europe**, and express their expectation that in this meeting the Community will reaffirm its authority by proposing to GATT terms for an **agreement** that will be **global, fair and balanced** with a view to ensuring more orderly conditions for international trade in agricultural produce and foodstuffs.

This agreement must contribute to greater equilibrium on world markets and global price levels which can offer an adequate income to farmers.

The CEA feels strongly that the Blair House compromise and the Dunkel proposals are not acceptable in their current form, and is convinced that their consequences would be far-reaching and harmful for the farming sector in the Community and the EFTA countries and would threaten future trade with the countries of Central and Eastern Europe.

- Confronted with currency fluctuations and dumping prices on international markets, the professional agricultural organisations within the CEA reaffirm their commitment to the concept of **Community Preference**; the application of Community Preference entails a rejection of **tarification** and of the proposed reduction of export volumes and the widest possible application of **minimum access**.
- They stress the need to maintain **sovereignty** and **continuity** for the internal management of the **CAP** and the national policies of non-ECC countries.
- They **urge** that consideration be given to the major non-commercial functions of agriculture (security of food supply, environment, rural development).
- They demand that Europe be able to maintain its **presence** on the **world market** and play a full part in its **expansion**.

BIBLIOGRAPHY

Adler, E., 1986, Ideological Guerillas and the Quest for Technological Autonomy, International Organisation, 40 (Summer).

Allison, G. & Halperin, M.H., 1974, Bureaucratic Politics and Foreign Policy. Washington D.C., Brookings Institute.

Alt, J.E., 1987, Crude Politics: Oil and the Political Economy of Unemployment in Britain and Norway, 1970-85, British Journal of Political Science, 17.

Alt, J.E. & Eichengreen, B., 1990, Parallel and Overlapping Games: Theory and an Application to the European Gas Trade, in Odell, I.S. & Willett, T.D. (eds.), International Trade Policies: Gains From Exchange Between Economics and Political Science, Michigan, Univ. of Michigan Press.

Andersen, S.S. & Coleman, W.D., 1992, Policy Networks, Policy Communities and the Problem of Governance, Governance, 5.

Anderson, K., 1994, Multilateral Trade Negotiations, European Integration, and Farm Policy Reform, Economic Policy, 18 (April).

Anderson, K. & Baldwin, R.E., 1987, The Political Market for Protection in Industrial Countries, in El Agra, E.M. (ed.), Protection, Integration and Development, London, MacMillan.

Anderson, K. & Hayami, Y., 1986, The Political Economy of Agricultural Protection, London, Allen & Unwin.

Anson, R. et al., 1994, The Gatt Agreement: The Basic Aims, Textile Horizons, 14 (1).

Axelrod, R., 1984, The Evolution of Co-operation, London, Penguin.

Ayer, A.J., 1971, Language, Truth and Logic, Harmondsworth, Penguin.

van Bael, I. & Bellis, J.F., 1990, Anti-dumping and other Trade Protection Laws of the EEC, Commerce Clearinghouse.

Baldwin, D., 1986, Economic Statecraft, Princeton, Princeton Univ. Press.

Baldwin, R., 1985, The Political Economy of U.S. Import Policy, Cambridge, Mass., MIT Press.

Baldwin, R.E. & Richardson, J.D., 1991, The Uruguay Round and Beyond: Problems and Prospects, NBER Conference Report.

Barry Jones, R.J., 1982, International Political Economy: Problems and Issues: Part II, Review of International Studies, 8.

Bartlett, B.L., 1992, South Korea, in Howell, T.R. et al. (eds.), Conflict Among Nations: Trade Policies in the 1990s, Boulder, Westview Press.

Bergsten, C.F., 1982, What to Do about U.S. Japan Economic Conflict, Foreign Affairs, 60.

Bergsten, C.F. & Williamson, J., 1983, Exchange Rates and Trade Policy, in Cline, R.W (ed.), Trade Policy in the 1980s, Cambridge, Mass., MIT Press.

Blokker, N. 1989, International Regulation of World Trade in Textiles, Dordrecht: Martinus Nijhoff Publishers.

Blokker, N. & Deelstra, J., 1994, Towards a Termination of the Multi-Fibre Arrangement?, Journal of World Trade, 28 (5).

Borkakoti, J., 1983, Economic Methodology, Trade Theory and Policy, in Black, I. & Winters, L.A. (eds.), Policy and Performance In International Trade, London, MacMillan.

Bourgeois, J.H.J., 1995, The EC in the WTO and Advisory Opinion 1/94: An Echter Nachprozedur, Common Market Law Review, 32.

Brada, J.C., 1994, Regional integration versus Integration into the World Economy: The Choices for Central and Eastern Europe, The World Economy, 17 (4).

Brock, W. & Magee, S., 1978, The Economics of Special Interest Politics: Case of the Tariff, American Economic Review Papers and Proceedings, 68.

Bryman, A., 1988, Quantity and Quality in Social Research, London, Unwin Hyman.

Bulmer, S., 1983, Domestic Politics and European Community Policy-Making, Journal of Common Market Studies, 21 (4).

Bulmer, S.J., 1994, The Governance of the European Union: A New Institutional Approach, Journal of Public Policy, 13 (4).

Butt-Phillip, A., 1985, Pressure Groups in the European Communities, London, UACES Occasional Paper 2.

Butt-Phillip, A., 1987, Pressure Group Power in the European Community, Intereconomics, 22 (6).

Cameron, D., 1995, Transnational Relations and the European Economic and Monetary Union, in Risse-Kappen, T. (ed) Bringing Transnational Relations Back In: Non-State Actors, Domestic Structures, and International Institutions, Cambridge, Cambridge University Press.

Campbell, J., Hollingsworth, J.R. & Lindberg, L. (eds.), 1991, Governance of the American Economy, Cambridge, Cambridge University Press.

Caporaso, J. & Keeler, J., 1995, The European Union and Regional Integration Theory in, Mazey, S. & Rhodes, C. (eds.), The State of the European Union, vol.3, Boulder, Lynne Reiner/Longman.

Caves, R.E, 1976, Economic Models of Political Choice: Canada's Tariff Structure, Canadian Journal of Economics, 9.

Checkel, J., 1993, Ideas, Institutions and the Gorbachev Foreign Policy Revolution, World Politics, 45 (January).

Chenery, H.B., 1960, Patterns of Industrial Growth, American Economic Review, 50.

Cline, R.W. (ed.), 1983, Trade Policy in the 1980s, Cambridge, Mass., MIT Press.

Cohen, B.J., 1990, The Political Economy of International Trade, International Organisation, 44 (Spring).

Conybeare, J.A.C., 1987, Trade Wars: The Theory and Practice of International Commercial Rivalry, New York, Columbia Univ. Press.

Cowhey, P., 1990, States and Politics in American Foreign Economic Policy in, Odell, I.S. & Willett, T.D. (eds.), International Trade Policies: Gains From Exchange Between Economics and Political Science, Michigan, Univ. of Michigan Press.

Cox, R.W., 1987, Production, Power and World Order, New York, Columbia Univ. Press.

Cram, L., 1996, Integration Theory and the study of the European Policy Process, in Richardson, J. (ed.), European Union: Power & Policy-Making, London, Routledge.

Croome, J., 1995, Reshaping The World Trading System: A History of the Uruguay Round, Geneva, World Trade Organisation.

Davenport, M., 1989, The Charybdis of Anti Dumping: A New Form of Industrial Policy?, London, RIIA Discussion Paper 22.

De Haen, H., Johnson, G.L. & Tangermann, S., 1985, Agriculture and International Relations, London, MacMillan.

Destler, I.M., 1980, Making Foreign Economic Policy, Washington D.C., Brookings.

Destler, I.M., 1986, American Trade Politics: System Under Stress, Washington D.C., IIE.

Destler, I.M. & Odell, J.S., 1987, Anti Protection: Changing Forces in the United States Trade Politics, Washington D.C., IIE.

Dillon, P., Lehmann, J. & Willett, T.D., 1990, Assessing the Usefulness of International Trade Theory for Policy Analysis, in Odell, J.S. & Willett, T.D. (eds.), International Trade Policies: Gains From Exchange Between Economics and Political Science, Michigan, Univ. of Michigan Press.

Dillon, P., Odell, J.S. & Willett, T.D., 1990, Future Directions in the Political Economy of Trade Policies, in Odell, J.S. & Willett, T.D. (eds.), International Trade Policies: Gains From Exchange Between Economics and Political Science, Michigan, Univ. of Michigan Press.

Dornbusch, R. & Frankel, J.A., 1987, Macroeconomics and Protection, in Stern, R.M. (ed.), U.S. Trade Policies in a Changing World Economy, Cambridge, Mass., MIT Press.

Drake, W. & Nicolaidis, K., 1992, Ideas, Interests and Institutionalization: Trade in Services & The Uruguay Round, International Organisation, 46 (Winter).

Dyker, D.A., 1993, Free Trade and Fair Trade with Eastern Europe, RFE/RL Research Report, 2 (26).

Eckstein, H., 1975, Case Study and Theory in Political Science, in Greenstein, F. & Polsby, N. (eds.), Handbook of Political Science, Vol.7, Reading, Mass., Addison Wesley.

Eising, R. & Kohler-Koch, B., 1994, Inflation und Zerfaserung: Trends der Interessenvermittlung in der Europäischen Gemeinschaft, in Streek, W. (ed.), Staat und Verbands: Politische Vierteljahresschrift, Sonderheft 25., Opladen, Westdeutscher Verlag.

European Commission, 1986, Mandate for the Uruguay Round Trade Negotiations, unpublished, June.

European Commission, 1990a, Association Agreements with the Countries of Central and Eastern Europe: A General Outline (COM (90) 398 Final).

European Commission, 1990b, Communication from the Commission to the Council and the European Parliament: The Development of the Community's Relations with the Countries of Central and Eastern Europe (SEC (90) 196 Final, Feb. 1990).

European Commission, 1992a, CAP Working Notes 1992: The Reform of the Common Agricultural Policy, Brussels, Directorate-General for Agriculture.

European Commission, 1992b, Report by the Commission to the European Council: Towards A Closer Association with the Countries of Central and Eastern Europe (to the European Council, Edinburgh, 11-12 December).

European Commission, 1993a, Communication from the Commission to the Council and the European Parliament: Report on the Competitiveness of the European Textiles and Clothing Industry (COM (93) 525 final).

European Commission, 1993b, International Economic Interdependence: Discussion Paper, Brussels, Unit For External Policy And Data Analysis, European Commission.

European Commission, 1994, The Economic Interpenetration Between the European Union and Eastern Europe, European Economy No.6, Brussels, Directorate-General for Economic and Financial Affairs.

European Commission, 1995, White Paper: Preparation of the Associated Countries of Central and Eastern Europe for Integration into the Internal Market of the Union (COM (95) 163 final).

European Commission, 1996, Communication from the Commission to the Council: WTO Aspects of EU's Preferential Trade Agreements with Third Countries (COM (96) 2168 final).

Faini, R. & Portes, R. (eds.), 1995, European Union Trade with Eastern Europe. Adjustment and Opportunities, London, Centre For European Policy Research.

Farrands, C., 1983, External Relations: Textiles Politics and the Multi-Fibre Arrangement, in Wallace, H., Wallace, W. & Webb, C. (eds.) Policymaking in the European Community, London, John Wiley & Sons.

Finch, J., 1993, It's Great to Have Someone to Talk to, in Hammersley, M. (ed.), Social Research, Philosophy, Politics and Practice, London, Sage Publications.

Frey, B.S., 1984, The Public Choice Approach to International Political Economy, International Organisation, 38 (1).

Frieden, J., 1988, Sectoral Conflict and Foreign Economic Policy, 1914-1940, International Organisation, 42 (1).

Galinos, A., 1994, Central Europe and the EU: Prospects for Closer Integration, RFE/RL Research Report, 3 (29).

Gallaroti, M., 1985, Towards a Business Cycle Model of Tariffs, International Organisation, 39 (1).

Garrett, G. & Weingast, B.R., 1993, Ideas, Interests and Institutions: Constructing the European Community's Internal Market, in Goldstein, J. & Keohane, R.O. (eds.), Ideas and Foreign Policy: Beliefs, Institutions and Political Change, Ithaca, N.Y., Cornell Univ. Press.

Geertz, C., 1973, The Interpretation of Cultures, New York, Free Press.

General Agreement on Tariffs & Trade, 1991, Trade Policy Review- the European Communities, Vol.II (Report by the Commission of the European Communities), Geneva, GATT Publication Services.

General Agreement on Tariffs & Trade, 1993, Trade Policy Review- the European Communities, Vol.I (Report by the GATT Secretariat), Geneva, GATT Publication Services.

George, S., 1994, Supranational Actors and Domestic Politics: Integration Theory Reconsidered in the Light of the Single European Act and Maastricht, Sheffield Papers in International Studies, No.22, Sheffield, University of Sheffield.

Gilpin, R., 1975, U.S. Power and the Multinational Corporations: The Political Economy of Foreign Direct Investment, London, MacMillan.

Gilpin, R., 1981, War and Change in World Politics, Cambridge, Cambridge Univ. Press.

Gilpin, R., 1987, The Political Economy of International Relations, Princeton, Princeton Univ. Press.

Ginsberg, R.H., 1990, European Trade Policy at Mid Decade: Coping with the Internal Menace and the External Challenge, in Rummel, R. (ed.), The Evolution of an International Actor: Western Europe's New Assertiveness, Boulder, Westview.

Goldstein, J., 1986, The Political Economy of Trade: The Institutions of Protection, American Political Science Review, 80 (1).

Goldstein, J., 1988, Ideas, Institutions and American Trade Policy, International Organisation, 42 (1).

Goldstein, J., 1989, The Impact of Ideas on Trade Policy, International Organisation, 43 (1).

Goldstein, J. & Keohane, R.O. (eds.), 1993, Ideas and Foreign Policy: Beliefs, Institutions and Political Change, Ithaca, N.Y., Cornell Univ. Press.

Gorter, H. & Tusur, I., 1989, The Political Economy of Price Bias In World Agriculture, Ithaca, N.Y., Cornell Univ. Press.

Gourevitch, P., 1978, The Second Image Reversed: The International Sources of Domestic Politics, International Organisation, 32 (4).

Gourevitch, P., 1986, Politics in Hard Times, Ithaca, N.Y., Cornell Univ. Press.

Gowa, J., 1989, Rational Hegemons, Excludable Goods, and Small Groups, World Politics, 41 (3).

Gowan, P., 1992, The European Community and East-Central Europe, 1989-1991, Labour Focus on Eastern Europe, 43 (3).

Grieco, J.M., 1995, The Maastricht Treaty, Economic and Monetary Union and the Neo-realist Research Programme, Review of International Studies, 21 (1).

Grilli, E., 1983, Macro-Economic Determinants of Trade Protection, The World Economy, 11 (3).

Grossman, G., 1986, Strategic Export Promotion: A Critique, in Krugman, P.R. (ed.), Strategic Trade Policy and the New International Economics, Cambridge, MIT Press.

Groux, J. & Manin, P., 1985, The European Communities in the International Order, European Perspectives Series, Luxembourg, Office of Publications of the EC.

Gundlach, E. et al, 1993, Regional Integration and its Impact on Developing Countries, in Ohno, K. (ed.), Regional Integration and its Impact on Developing Countries, Tokyo, Ajia-Keizai Kenkyusho.

Guyomard, H., Mahe, L.P., Munk, K. & Roe, T., 1993, Agriculture in the Uruguay Round: Ambitions and Realities, Economic Papers, 101.

Haas, E.B., 1958, The Uniting of Europe: Political, Social and Economic Forces 1950-57, London, Stevens & Sons.

Haas, E.B., 1961, International Integration: The European and the Universal Process, International Organisation, 03 (2).

Haas, E.B., 1964, Beyond the Nation State: Functionalism and International Organisation, Stanford, Stanford Univ. Press.

Haas, P.M., 1992, Introduction: Epistemic Communities and International Policy Coordination, International Organisation, 46 (1).

Haggard, S., 1988, The Institutional Foundations of Hegemony: Explaining The Reciprocal Trade Agreements Act of 1934, International Organisation, 42 (1).

Hall, P., 1986, Governing The Economy: The Politics of State Intervention In Britain and France, New York, Oxford Univ. Press.

Hammersley, M. (ed.), 1993, Social Research, Philosophy, Politics and Practice, London, Sage Publications.

Harvey, D.R., 1992, Policy Reform After the Uruguay Round, Newcastle, University of Newcastle-upon-Tyne.

Hathaway, D., 1990, Agriculture, in Schott, J.I. (ed.), Completing the Uruguay Round: A Result Oriented Approach to the GATT Trade Negotiations, Washington, IIE.

Henkels, A. 1992, Gatt and Reform of the CAP: A Political Economy Approach, M.A. dissertation (unpublished), University of Newcastle-upon-Tyne.

Henwood, R. & Pidgeon, N., 1993, Qualitative Research and Psychology, in Hammersley, M. (ed.), Social Research, Philosophy, Politics and Practice, London, Sage Publications.

Heretier, A., 1993, Policy-Netzwerkanalyse als Untersuchungsinstrument im Europäischen Kontext:, in Heritier, A. (ed.), Policy-Analyse: Politische Vierteljahresschrift, Sonderheft 24., Opladen, Westdeutscher Verlag.

Hilf, N., Jaroles, F.G. & Petersmann, E.V., 1986, The European Community and the GATT, Deventer, Kluwer.

Hillman, J.S., 1985, Evolution of American Agricultural Trade Policy and European Interaction, in De Haen et al. (eds.), Agriculture and International Relations, London, MacMillan.

Hine, R.C., 1985, The Political economy of European Trade: An Introduction to the Trade Policies of the EEC, London, Wheatsheaf.

Hix, S., 1994, The Study of the European Community: The Challenge to Comparative Politics, West European Politics, 17 (1).

Hollis, M. & Smith, S., 1991, Explaining and Understanding International Relations, Oxford, Clarendon Press.

Holsti, O.R., 1967, Cognitive Dynamics and Images of the Enemy:, in Finlay, D. et al. (eds.), Enemies In Politics, Chicago, Rand McNally.

Hopkinson, N., 1992, Completing the Gatt Uruguay Round: Renewed Multilateralism or a World of Regional Trading Blocs ?, Wilton Park Papers, no. 61, London, HMSO.

Horovitz, D., 1990, EC-Central/East European Relations: New Principles for A New Era, Common Market Law Review, 27.

House of Commons, 1995, Relations with Russia, European Standing Committee B, 28 February.

Howell, T.R. et al. (eds.), 1992, Conflict Among Nations: Trade Policies in the 1990s, Boulder, Westview Press.

Howell, T.R., Gwynn, R., & Gadbaw. R.M., 1992, European Community, in Howell, T.R. et al. (eds.), Conflict Among Nations: Trade Policies in the 1990s, Boulder, Westview Press.

Hufbauer, G.C. & Schott, J.J., 1985a, Economic Sanctions Reconsidered: History and Current Policy, Washington D.C., IIE.

Hufbauer, G.C. & Schott, J.J., 1985b, Trading for Growth: The Next Round of Trade Negotiations, Washington D.C., IIE.

Ikenberry, G.J., 1988a, Conclusion: An Institutional Approach to American Foreign Economic Policy, International Organisation, 42 (1).

Ikenberry, G.J., 1988b, Market Solutions For State Problems: The International and Domestic Politics of American Oil Decontrol, International Organisation, 42 (1).

Ikenberry, G.J., Lake, D.A. & Mastanduno, M., 1988, Introduction: Approaches to Explaining American Foreign Economic Policy, International Organisation, 42 (1).

James, A., 1993, System or Society?, Review of International Studies, 19 (3).

Jervis, R., 1977, Perception and Misperception in International Politics, Princeton, Princeton Univ. Press.

Kaminski, B., 1994, What Kind of a Deal have Central European Associates Got from the European Community ?, Washington D.C., World Bank (January).

Kassim, H., 1994, Policy-Networks and European Union Policy-Making: A Sceptical View, West European Politics, 17 (4).

Katzenstein, P.J., 1977, Introduction: Domestic and International Forces and Strategies of Foreign Economic Policy, International Organisation, 31 (4).

Katzenstein, P.J, 1978, Between Power and Plenty: Foreign Economic Policies of Advanced Industrial States, Madison, Univ. of Wisconsin Press.

Keohane, R.O & Nye, J.S., 1977, Power And Interdependence, Boston, Little & Brown.

Keohane, R.O. (ed.), 1986, NeoRealism and its Critics, NewYork, Columbia Univ. Press.

Keohane, R.O. (ed.), 1989, International Institutions and State Power, Boulder, Westview.

Kesselmann, M., 1992, How Should One Study Economic Policymaking?, World Politics, 45 (July).

Kindleberger, C., 1973, The World in Depression, Berkeley, Univ. of California Press.

Kingdon, J., 1984, Agendas, Alternatives and Public Policies, New York, Harper Collins.

Kirchner, E.J., 1992, Decision-Making in the European Community: the Council Presidency and European Integration, Manchester, Manchester University Press.

Koester, U. & von Cramon-Taubadel, S., 1992, EC Agricultural Reform Ad Infinitum ?, Intereconomics, 27 (4).

Koopman, G., 1992, Final Curtain for the Uruguay Round ?, Intereconomics, 27 (6).

Kramer, H., 1992, The EC and the Stabilisation of Eastern Europe, Aussenpolitik, 43 (1).

Kramer, H., 1993, The European Community's Response to the 'New Eastern Europe', Journal of Common Market Studies, 31 (2).

Krasner, S.D., 1976, State Power and the Structure of International Trade, World Politics, 28 (April).

Krasner, S.D., 1978, Defending the National Interest, Princeton, N.J., Princeton Univ. Press.

Krasner, S.D., 1982, Structural Causes and Regime Consequences, International Organisation, 36 (1).

Krasner, S.D. (ed.), 1983, International Regimes, Ithaca, N.Y., Cornell Univ. Press.

Kratochwil, F., 1993, The Embarrassment of Changes: Neorealism as the Science of Realpolitik Without Politics, Review of International Studies, 19 (1).

Krenzler, H.G., 1990, Die Europäische Gemeinschaft und der Wandel in Mittel- und Osteuropa, Europa-Archiv, 45 (3).

Krueger, A.O., 1974, The Political Economy of the Rent Seeking Society, American Economic Review, 64.

Krueger, A., Schiff, M. & Valdes, A., 1988, Agricultural Incentives in Developing Countries, The World Bank Economic Review, 2 (3).

Krugman, P.R. (ed.), 1986, Strategic Trade Policy and the New International Economics, Cambridge, MIT Press.

Kuttner, R., 1983, The Free Trade Fallacy, New Republic, 28.

Lake, D.A., 1988, Power, Protectionism and Free Trade: International Sources of U.S. Commercial Strategy, 1887-1939, Ithaca N.Y., Cornell Univ. Press.

Lapid, Y., 1989, The Third Debate: On the Prospects of International Theory in a Post-Positivist Era, International Studies Quarterly, 33 (3).

Lavergne, R.P., 1983, The Political Economy of U.S. Tariffs, New York, Academic Press.

Lehmbruch, G., 1986, Interest Groups, Governments and The Politics of Protectionism, in Hauser, H. (ed.), Protectionism and Structural Adjustment, New York, Grusch.

Levy, J.S. 1989, Domestic Politics and War, in Rotberg, R.I. & Rabb, T.K. (eds.), The Origin and Prevention of Major Wars, Cambridge, Cambridge Univ. Press.

Light, M., 1994, Foreign Policy Analysis, in Groom, A.I.R. & Light, M. (eds.), Contemporary International Relations: A Guide To Theory, London, Pinter.

Lindberg, L.N., 1963, The Political Dynamics of European Economic Integration, London, Oxford University Press.

Lindberg, L.N, 1970, Political Integration As a Multi-dimensional Phenomeneon requiring Multivariate Measurement, International Organisation, 24 (4).

Linder, S.B., 1961, An Essay on Trade and Transformation, New York, John Wiley & Sons.

Lodge, J., 1989, EC Policymaking: Institutional Considerations, in Lodge, I. (ed.), The European Community and the Challenge of the Future, New York, St. Martins Press.

Lodge, J., 1993, EC Policymaking: Institutional Dynamics, in Lodge, I. (ed.), The European Community and the Challenge of the Future, London, Pinter.

Magee, S.P. & Young, L., 1987, Endogenous Protection in the United States, in Stern, R.M. (ed.), U.S. Trade Policies in a Changing World Economy, Cambridge, Mass., MIT Press..

Majone, G., 1993, The European Community: Between Social Policy and Social Regulation, Journal of Common Market Studies, 31 (2).

Maresceau, M. (ed.), 1993, The European Community's Commercial Policy After 1992, Dordrecht, Martinus Nijhoff.

March, J.G. & Olsen, J.P., 1984, The New Institutionalism: Organisational Factors In Political Life, American Political Science Review, 78.

March, J.G. & Olsen, J.P., 1989, Rediscovering Institutions: The Organisational Bases of Politics, New York, Free Press.

Mares, D., 1990, Domestic Institutions and Shifts in Trade and Development Policy, Colombia 1951-1968, in Odell, I.S. & Willett, T.D. (eds.) International Trade Policies: Gains From Exchange Between Economics and Political Science, Michigan, Univ. of Michigan Press.

Marks, S.V. & McArthur, J., 1990, Empirical Analyses of the Determinants of Protection: A Survey and Some Results, in Odell, I.S. & Willett, T.D. (eds.), International Trade Policies: Gains From Exchange Between Economics and Political Science, Michigan, Univ. of Michigan Press.

Martijn, J.K., 1989, Real Exchange Rates and Protectionism, De Economist, 137 (3).

Mastanduno, M., 1988, Trade As A Strategic Weapon: American and Alliance Export Control Policy in the Early Post-war Period, International Organisation, 42 (1).

Matropasqua, C., and Rolli, V., 1994, Industrial Countries' Protectionism with Respect to Eastern Europe: The Impact of the Association Agreements Concluded with the EC on the Exports of Poland, Czechoslovakia and Hungary, The World Economy, 17 (4).

Mazey, S. & Richardson, J., 1993, Lobbying In The European Community, Oxford, Oxford Univ. Press.

McGowan, L. & Wilks, S., 1995, Disarming the Commission: The Debate Over a European Cartel Office, Journal of Common Market Studies, 33, 2.

McKeown, T.J., 1986, The Limitations of "Structural" Theories of Commercial Policy, International Organisation, 40 (1).

Mercado, S.A., 1995a, Towards A New Understanding of International Trade Policies: Ideas, Institutions and the Political Economy of Foreign Economic Policy, in MacMillan, J. & Linklater, A. (eds.), Boundaries In Question: New Directions In International Relations, London, Pinter.

Mercado, S.A., 1995b, The European Union and the Associated Countries of Central and Eastern Europe: Co-operation and Conflict on the Road to Free Trade, in Curwen, P. (ed.), The Changing Global Environment, Sheffield, Sheffield Hallam University.

Mercado, S.A., 1996, Realities & Myth's: Europe's Emerging Commercial Space, in Thorpe, R. & McDonald, F. (eds.), Global Change- Policy & Practice, Manchester, Manchester Metropolitan University.

Messerlin, P., 1983, Bureaucracies and the Political Economy of Protection: Reflections of a Continental European, World Bank Staff Working Papers, no. 568.

Messerlin, P., 1992, The Association Agreement between the European Union and Central Europe: Trade Liberalization Versus Institutional Failure ?, in Flemming, I. & Rollo, J. (eds.) Trade Payments and Adjustment in Central and Eastern Europe. London, RIIA/EBRD.

Meyer, H.W. & Josling, T.E., 1990, Agricultural Policy Reform: Politics and Process in the EC and USA. Hemel Hempstead, Harvester Wheatsheaf.

Milner, H.V., 1988a, Resisting Protectionism: Global Industries and the Politics of International Trade. Princeton, Princeton Univ. Press.

Milner, H.V., 1988b, Trading Places: Industries for Free Trade, World Politics, 40 (3).

Moravcsik, A., 1991, Negotiating the Single European Act : National Interests and Conventional Statecraft in the European Community, International Organisation, 45 (1).

Munk, K.J., 1989, Price Support to the EC Agricultural Sector: An Optimal Policy ?, Oxford Review of Economic Papers, 5 (2).

Murphy, A., 1990a, The European Community and the International Trading System Vol. I: Completing the Uruguay Round of the GATT, Brussels, Centre for European Policy Studies.

Murphy, A., 1990b, The European Community and the International Trading System Vol. II: The European Community and the Uruguay Round, Brussels, Centre for European Policy Studies.

Murphy, C.N. & Tooze, R., 1991, The New International Political Economy, Boulder, Lynne Rienner.

Nedergaard, P., 1988, EF's Landbrugspolitik Under Omstilling, Kobenhaven, Jurist- og Okonomforbundets Forlag.

Nedergaard, P., 1993, The End of Special Interests ? The Political Economy of EC Trade Policy Changes in the 1990s, in, Norgaard, O. et al. (eds.), The European Community in World Politics, London, Pinter.

Nello, S., 1991, The New Europe: Changing Economic Relations Between East and West, New York, Harvester Wheatsheaf.

Neville-Rolfe, E., 1983, The Politics of Agriculture in the European Community, London: Croom Helm.

Nowell, G., 1983, The French State and Developing World Oil Markets, Research in Political Economy, 6.

Nye Jr., J.S., 1990, Soft Power, Foreign Policy, 80.

O'Donnell, R., 1994, The Economic Environment, in Nugent, N. & O'Donnell, R. (eds.), The European Business Environment, London, MacMillan.

O'Keefe, D. & Emiliou, N. (eds.), 1996, The EU and World Trade Law, London, John Wiley & Sons.

Odell, J.S., 1982, U.S. International Monetary Policy: Markets, Power, Ideas And Sources of Change, Princeton, Princeton Univ. Press.

Odell, J.S., 1990, Understanding International Trade Policies: An Emerging Synthesis, World Politics, 43 (October).

Odell, J.S. & Willett, T.D. (eds.), 1990, International Trade Policies: Gains From Exchange Between Economics and Political Science, Michigan, Univ. of Michigan Press.

Okolicsanyi, K., 1993, Trade Between East-Central Europe and the EC Moving Forward, RFE/RL Research Report, 2 (35).

Ostry, S., 1990, Europe 1992 and the Evolution of the Multilateral Trading System, Case Western Reserve Journal of International Law, 22 (2).

Padoan, P.C., 1994, The Changing European Political Economy, in Stubbs, R. & Underhill, G.R.D. (eds.), Political Economy And The Changing Global Order, London, MacMillan.

Parikh, K.S. et al. (eds.), 1987, Towards Free Trade in Agriculture, Amsterdam, Martinus Nijhoff.

Pastor, R., 1980, Congress and the Politics of U.S. Foreign Economic Policy, Berkeley, Univ. of California Press.

Patterson, G., 1983, The European Community as a Threat to the System, in Cline, W. (ed.), Trade Policy in the 1980s, Cambridge, Mass., MIT Press.

Pearce, J., 1981, The Common Agriculture Policy, London, Routledge & Kegan Paul.

Pelkmans, J. & Murphy, A., 1991, Catapulted into Leadership: The Community's Trade and Aid Policies vis-a-vis Eastern Europe, Journal of European Integration, Special Issue.

Peters, G., 1996, Agenda Setting in the European Union, in Richardson, J.I. (ed.), European Union: Power and Policy-Making, London, Routledge.

Peterson, J., 1992, The European Technology Community: Policy Networks in a Supranational Setting, in Marsh.D., & Rhodes, R.A.W. (eds.), Policy Networks in British Government, Oxford, Oxford University Press.

Peterson, J., 1995a, Policy Networks and European Union Policy-Making: A Reply to Kassim, West European Politics, 18 (2).

Peterson, J., 1995b, Decision-Making in the European Union: Towards a Framework for Analysis, Journal of European Public Policy, 2 (1).

Petit, M., 1985, Determinants of Agricultural Policies in the United States and the European Community, International Food Policy Research Institute Research Reports, no. 51, Washington D.C., IFPRI.

Pincus, J.J., 1977, Pressure Groups and Politics in Antebellum Tariffs, New York, Columbia Univ. Press.

Popper, K., 1959, The Logic of Scientific Discovery, London, Hutchinson.

Posner, M.V., 1961, International Trade and Technical Change, Oxford Economic Papers, 13.

Preeg, E., 1970, Traders and Diplomats, Washington D.C., The Brookings Institution.

Presa, S. 1993, A Concise Overview of the EC Trade Policy, European Economy , no. 52, Luxemburg.

Pryce, R. (ed.), 1987, The Dynamics of European Union, London, Croom Helm.

Puchala, D.J., 1972, Of Blind Men, Elephants and International Integration, Journal of Common Market Studies, 10.

Pugel, T. & Walter, I., 1985, U.S. Corporate Interests and the Political Economy of Trade Policy, Review of Economics and Statistics, 67.

Puttnam, R.D., 1988, Diplomacy and Domestic Politics: The Logic of Two-Level Games, International Organisation, 42 (03).

Rabinow, P. & Sullivan, W.M., 1987, Interpretive Social Science: A Second Look, Berkeley.

Ram Khanna, S., 1994, The New Gatt Agreement: Implications for the World's Textiles and Clothing Industries, Textile Outlook International, March 1994.

Ramesh, H., 1994, Explaining Cross Industry Variations in Trade Protection: Textiles, Clothing and Footware in Canada, Review of International Studies, 20 (1).

Rausser, G.C. & Irwin, D.A. , 1989, The Political Economy of Agricultural Policy, European Review of Agricultural Economics, 15.

Reynolds, C., 1973, Theory and Explanation In International Politics, London, Martin Robertson.

Richardson, J.D., 1990, The Political Economy of Strategic Trade Policy, International Organisation, 44 (1).

Richardson, J.J. (ed.), 1996, European Union: Power and Policy-Making, London, Routledge.

Risse-Kappen, T. (ed.), 1995, Bringing Transnational Relations Back In: Non-State Actors, Domestic Structures, and International Institutions, Cambridge, Cambridge University Press.

Risse-Kappen, T., 1996, Exploring the Nature of the Beast: International Relations Theory and Comparative Policy Analysis Meet the European Union, Journal of Common Market Studies, 34 (1).

Roell, S., 1994, Hans van den Broek Takes Charge in Brussels, Central European, Dec. 1994/Jan. 1995.

Rohrlich, P.E, 1987, Economic Culture and Foreign Policy: The Cognitive Analysis of Economic Policy Making, International Organisation, 41 (1).

Rosenau, J.N., 1988, CFP and IPE: The Anomoly of Mutual Boredom, International Interactions, 14 (1).

Ruigrok, W., 1991, Paradigm Crisis in International Trade Theory, Journal of World Trade, 25 (1).

Samuels, R., 1987, The Business of the Japanese State, Ithaca, N.Y., Cornell Univ. Press.

Sandholtz, W. & Zysman, J., 1989, 1992: Recasting the European Bargain, World Politics, 42 (January).

Sandholtz, W., 1993a, Institutions and Collective Action: The New Telecommunications in Western Europe, World Politics, 45 (Winter).

Sandholtz, W., 1993b, Choosing Union: Monetary Politics and Maastricht, International Organisation, 47 (1).

Sapir, A., 1992, Regional Integration In Europe, Economic Journal, 102.

Scharping, R., 1994, New Challenges for Franco-German Co-operation, Aussenpolitik, 45 (1).

Schattsneider, E.E., 1935, Politics, Pressures and the Tariff, New York, Prentice Hall.

Schmitter, P.C., 1991, The European Community as an Emergent and Novel Form of Political Domination, Estudio Working Papers, no. 26.

Schneider, V., Dang-Nguyen, G. & Werle, R., 1994, Corporate Actor Networks in European Policy-Making: Harmonizing Telecommunications Policy, Journal of Common Market Studies, 32 (4).

Schofield, J.W., 1993, Increasing the Generalizability of Qualitative Research, in Hammersley, M. (ed.), Social Research, Philosophy, Politics and Practice, London, Sage Publications..

Sedelmeier, U., 1995, Competing Policy Recommendations for Europe Association and the Limits of a Trade Liberalisation Approach to Integration: Some Illustrations from the Case of Steel, paper presented at the UACES Annual Research Conference, Birmingham, 18-19 September 1995.

Shenayev, V., 1994, The Agreement on Partnership and Cooperation between Russia and the European Community, Foreign Trade, 10.

Singer, J.D. (ed.), 1968, Quantitative International Politics: Insights and Evidence, New York, Free Press.

Singer, J.D., 1971, A General System Taxonomy For Political Science, New York, General Learning Press.

Sikkink, K., 1991, Ideas and Institutions: Developmentalism in Brazil and Argentina, Ithaca, N.Y., Cornell Univ. Press.

Skocpol, T., 1985, Bringing the State Back In: Strategies of Analysis in Current Research, in Evans, P.B, Rueschemeyer, D. & Skocpol, T. (eds.), Bringing The State Back In, Cambridge, Cambridge Univ. Press.

Smith, M., 1994, The European Community: Testing the Boundaries of Foreign Economic Policy, in Stubbs, R. & Underhill, G.R.D. (eds.), Political Economy and the Changing Global Order, London, MacMillan.

Smith, S., 1994, Foreign Policy Theory and the New Europe, in Carlsnaes, W. & Smith, S. (eds.), European Foreign Policy: The EC and Changing Perspectives in Europe, London, Sage Publs.

Snyder, J., 1991, Myths of Empire: Domestic Politics and International Ambition, Ithaca, N.Y., Cornell Univ. Press.

Spradley, J.P., 1979, The Ethnographic Interview, London, Holt, Reinhart, Wilson.

Stegemann, K., 1989, Policy Rivalry Among Industrial States: What Can We Learn from Models of Strategic Trade Policy?, International Organisation, 43 (1).

Steinmo, S., Thelen, K., & Longstreth, F., (eds.), 1992, Structuring Politics: Historical Institutionalism in Comparative Analysis, Cambridge, Cambridge University Press.

Stern, R.M. (ed.), 1987, U.S. Trade Policies in a Changing World Economy, Cambridge, Mass., MIT Press.

Streek, W. & Schmitter, P.C., 1991, From National Corporatism to Transnational Pluralism: Organized Interests in the Single European Market, Politics & Society, 2.

Takacs, W., 1981, Pressures for Protectionism: An Empirical Analysis, Economic Inquiry, 19 (October).

Tharakan, P.K.M., 1983, Intra Industry Trade: Empirical And Methodological Aspects, Amsterdam.

Tharakan, P.K.M., 1991, The Political Economy of Anti-dumping Undertakings in the European Communities, European Economic Review (North Holland), 35.

Thurrow, L., 1992, Head To Head: The Coming Economic Battles Among Japan, Europe and America, New York, William Morrow & Co.

Tooze, R., 1994, Foreign Economic Policy in the New Europe, in Carlsnaes, W. & Smith, S. (eds.), European Foreign Policy: The EC and Changing Perspectives in Europe, London, Sage Publs.

Tracy, M., 1989, Government and Agriculture in Western Europe, 1880-1988, London, Harvester Wheatsheaf.

Tracy, M., 1991, European Community Agriculture in the International Context, paper presented at the International Fertilizer Industry Association Annual Conference, London, May 12-15.

Tsoukalis, L., 1993, The New European Economy: The Politics and Economics of Integration, Oxford, Oxford Univ. Press.

Vahl, R.E., 1992, The European Commission On The Road To European Union, paper presented at the Workshop on Political Union at the ECPR Joint Sessions of Workshops, Limerick, Mar-Apr. 1992.

Volker, E.L.M., 1987, Protectionism in the European Community, Deventer, Kluwer.

Waever, O., 1994, Resisting the Temptation of Post Foreign Policy Analysis, in Carlsnaes, W. & Smith, S. (eds.), European Foreign Policy: The EC and Changing Perspectives in Europe, London, Sage Publs.

Wallace, H., Wallace, W. & Webb, C., 1983, Policymaking in the European Community, London, John Wiley & Sons.

Wallace, H., 1986, Bilateral, Trilateral and Multilateral negotiations in the European Community, in Morgan, R. & Bray, C. (eds.), Partners and Rivals in Western Europe: Britain, France and Germany, Aldershot, Gower.

Wallerstein, E., 1978, The Modern World System, Vol.2, NewYork, Academic Press.

Waltz, K.W., 1959, Man, the State and War, New York, Columbia Univ. Press.

Waltz, K.W., 1979, Theory of International Politics, Reading, Mass., Addison Wesley.

Waltz, K.W., 1986, Reflections on 'Theory of International Politics': A Response to my Critics, in Keohane, R.O. (ed.), NeoRealism and its Critics, NewYork, Columbia Univ. Press.

Watson, T., 1986, Management Organisation and Employment Strategy, London, Routledge.

Wiener, J., 1995, Making Rules in the Uruguay Round of the GATT: A Study of International Leadership, Aldershot, Dartmouth Publishing Co..

Winch, P., 1958, The Idea of a Social Science, London, Routledge & Kegan Paul.

Winters, L.A., 1992, Trade Flows and Trade Policy after 1992, Cambridge, Cambridge Univ. Press.

Winters, L.A., 1993a, The EC: A Case of Successful Integration, in de Melo, I. & Panagariya, A. (eds.), New Dimensions in Regional Integration, Cambridge: Cambridge Univ. Press.

Winters, L.A., 1993b, Should Eastern Europe Feel Privileged with its Limited Market Access to the European Community ?, Transition: The Newsletter About Reforming Economies, 4 (8).

Winters, L.A., 1994, (Discussant) Multilateral Trade Negotiations, European Integration and Farm Policy Reform, Economic Policy, 18 (April).

Wolf, M., 1989, 1992: Global Implications of the European Community's Programme for Completing the Internal Market, New York, Lehrman Institute Policy Papers.

Woolcock, S., 1993a, Trade Diplomacy and the European Community, in Storey, I. (ed.), The New Europe, London, Blackwell.

Woolcock, S., 1993b, The European Acquis and Multilateral Trade Rules: Are they Compatible?, Journal of Common Market Studies, 31 (4).

World Trade Organisation, 1995a, Trade Policy Review: European Union- Vol.I (Report by the WTO Secretariat), Geneva, WTO Publication Services.

World Trade Organisation, 1995b, Trade Policy Review: European Union- Vol.II (Report by the European Communities), Geneva, WTO Publication Services.

von Wright, G.H., 1971, Explanation and Understanding, London, Routledge.

Yurdusev, A.N., 1993, 'Level of Analysis' and 'Unit of Analysis': A Case for Distinction, Millennium: Journal of International Studies, 22 (1).

Zalewski, M., 1994, What's New? Feminist Observations on the New Europe, in Carlsnaes, W. & Smith, S. (eds.), European Foreign Policy: The EC and Changing Perspectives in Europe, London, Sage.

Zysman, J., 1983, Government, Markets, and Growth: Financial Systems and the Politics of Industrial Change, Ithaca, N.Y., Cornell Univ. Press.

MULTIPLE EDITIONS

Agence Europe

AgraEurope

Bulletin of the European Union

Eurostat- External Trade Focus

Eurostat News Release

The Daily Telegraph

The Economist

The European

The Financial Times

Textiles Asia

The Nottingham Trent University
Library & Information Services
SHORT LOAN COLLECTION

Date	Time	Date	Time
17 MAR 2002 13 MAR 2002	5pm	14 APR 2003 15 MAR 2005	Ref
17 APR 2003 XXXXXX	Ref 4.55		
1 XXXXX XXXXXX	Ref		
XXXXXX XXXXXX	Ref		
18 MAR 2005	Ref		

Please return this item to the Issuing Library.
Fines are payable for late return.

THIS ITEM MAY NOT BE RENEWED