

Institution: London School of Economics and Political Science
Unit of Assessment: 21: Politics and International Studies
Title of case study: Shaping European Union policy on free trade agreements
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Dr Stephen Woolcock's research on EU trade and trade policy, with particular focus on free trade agreements, underpins the work of the LSE's International Trade Policy Unit (ITPU). On the basis of this research, the ITPU was granted a framework contract to provide expert analysis on trade and trade-related topics for the European Parliament's International Trade Committee (INTA). ITPU input has subsequently stimulated and informed debate within the European Parliament and shaped EU policy on free trade agreements.</p>
<p>2. Underpinning research (indicative maximum 500 words)</p> <p><i>Research Insights and Outputs</i></p> <p>The International Trade Policy Unit (ITPU) was set up at the LSE in 1999 with the aim of providing a link between academic research and policy in the field of international trade, in order to promote informed debate surrounding the numerous and complex policy and business implications of trade agreements at the multilateral, regional and national levels.</p> <p>Dr Stephen Woolcock heads the ITPU and has coordinated its research work for over a decade. The ITPU has secured significant external funding over that time from the Department of Trade and Industry (DTI), the Department for International Development (DFID), the Commonwealth Secretariat, the Swiss Government (SECO) and the European Union (totalling approximately €280,000) that has enabled it to produce focused research on trade and trade policy. This research provided some of the first comprehensive studies of non-tariff and regulatory issues in preferential trade agreements, with specific implications for how they impact upon multilateral trade and investment regimes [1, 2]. The research found that although superficially similar there are important differences in the approaches to preferential trade agreements (PTAs) that have implications for both the prospects for future reconciliation of PTAs with multilateral trade agreements and for the prospects of bilateral agreements, such as the Transatlantic trade and Investment Partnership (TTIP). Woolcock and Heydon, the authors of this earlier comparison, have subsequently built on their earlier work to produce a comparative study of EU and US approaches to PTAs to inform the debate within the European Parliament and beyond [3]. With regard to European Union trade policy Woolcock has maintained an established position in the field and produced the first comprehensive treatment of the conduct of European Union economic diplomacy [4; see also 5 and 6].</p> <p>As a result of this research base, Dr Woolcock and the ITPU were successful in bidding for a framework contract to provide expert analysis for the International Trade Policy Committee of the European Parliament. Under this framework contract, which provides for a total of €600,000 over a four year period from December 2009, the ITPU coordinates a consortium of research institutions across the European Union that has to date produced a total of 32 studies and workshops and drawn down some €370,000 from the total funds available. The ITPU has delivered or is in the process of conducting research studies on no fewer than fourteen specific policy areas, of which two are highlighted in this case study. The ITPU is also leading a bid for a further four-year framework contract worth another €650,000 for the period 2014-2018.</p>

Key Researcher: Dr Woolcock has been employed full-time at LSE since 1998.

3. References to the research (indicative maximum of six references)

1. K. Heydon and S. Woolcock (2009) *The rise of bilateralism: comparing American, European and Asian approaches to preferential trade agreements*, Tokyo, United Nations University Press. <http://eprints.lse.ac.uk/33482/>
2. S. Woolcock (ed.) *Trade and Investment Rule-Making: the role of regional and bilateral agreements*, United Nations University Press, 2006. <http://eprints.lse.ac.uk/51592/>
3. S. Woolcock (2012) *European Union economic diplomacy: the role of the EU in external economic relations*, Ashgate <http://eprint.lse.ac.uk/41469/>
4. K. Heydon and S. Woolcock, (forthcoming, 2013) *Comparing International Trade Policies: The EU, United States, EFTA and Japanese PTA strategies*, European Parliament, International Trade Committee. Available on request.
5. S. Woolcock (2011) 'EU economic diplomacy: the factors shaping common action', *The Hague Journal of Diplomacy*, 6 (1-2) 83-99. DOI: 10.1163/187119111X576949
6. S. Woolcock (2013) 'The Treaty of Lisbon and the European Union as an actor in international trade' in A. Guzman and J.H.B. Pauwelyn, *International Trade Law*, Second edition, Wolters Kluwer Law and Business. (Reprint of [ECIPE Working Paper No. 1/2010](#), published in 2010). Available from LSE on request.

Evidence of Quality: publications in peer-reviewed journals (5), and with university presses (1, 2) and a respectable academic publisher (3).

4. Details of the impact (indicative maximum 750 words)

Nature of the Impact:

The work of the ITPU under the terms of its framework contract with the European Parliament has had significant impact in stimulating and informing practitioner and policy debate and shaping EU policy in the area of international trade. This case study focuses on two specific contributions:

1) Impact on the EU-Korea Free Trade Agreement

In 2011 for the first time the European Parliament used the new powers granted to it under the Treaty of Lisbon to decide whether to approve the Free Trade Agreement (FTA) negotiated by the European Commission with the Republic of Korea. This agreement was not only the most ambitious FTA ever negotiated by the EU, and its first trade deal with an Asian country, it also set a precedent for EU trade policy as the first FTA adopted under the EU's Global Europe Strategy of 2006 and for the EP's approach to its new post-Lisbon powers. The EU is currently involved in FTA negotiations with Japan, India, the USA, and a range of ASEAN countries.

Under the terms of the ITPU's framework contract, Dr Woolcock, leading a number of consortium partners, produced a comprehensive 100-page assessment of the proposed FTA [A]. The findings of this study were reinforced by Dr Woolcock's presentation to INTA's public hearing in June 2010 [B]. This study found the FTA to be in the EU's broad interest. It assessed the impact on a range of sectors and employment and found that the terms of the agreement were on balance positive and that the arguments put forward by some defensive sectors in the EU exaggerated the scope and impact of increased Korean imports. These findings were endorsed one year later when Woolcock produced a further study on the application of the FTA, along with key stakeholders, for INTA's evaluation of the impact of the FTA in October 2012 [C].

The LSE assessment was recognised as presenting an authoritative, balanced and independent assessment of the proposed agreement, and was instrumental in facilitating approval of the agreement by the EP, despite heavy lobbying from some vested sector interests that sought to block the agreement. The LSE assessment was cited by the Commission in a written answer to the European Parliament [D] and recognised by Mr Ignacio Garcia Bercero, the chief EU negotiator of the agreement, as making a significant contribution to the eventual passage of the agreement [E].

2) Impact on EU Investment Policy

Following the Lisbon Treaty's extension of exclusive European Union competence to foreign direct investment (FDI), the ITPU was commissioned to produce a background study setting out the opportunities presented by this development and the challenges that might be faced in developing a coherent and balanced EU approach to investment. This aspect of Lisbon was designed to enable the EU to conclude comprehensive trade and investment agreements, where in the past its coverage of investment has been only very partial, and in turn strengthen the EU's ability to shape international investment policy.

The ITPU study, *The EU Approach To International Investment Policy After The Lisbon Treaty* [F], supported by Dr Woolcock's oral evidence to the International Trade Committee [G], identified four major issues: the lack of a definition of FDI and thus the scope of EU exclusive competence; the need to define the main elements of an EU sustainable investment policy; the need to decide which third countries should be given priority in EU level investment agreements; and the need to agree how to manage the transition from member state bilateral investment treaties (BITs) to EU level investment agreements. By its nature the ITPU study required an interdisciplinary approach to the topic and combined international political economy and legal analysis.

The ITPU played a significant role in framing the parameters of the debate taking place within the EU on the scope and nature of EU investment policy, and not just within the INTA Committee in the Parliament, but also elsewhere in the EP, including the European Economic and Social Committee [H].

Cumulative Impact

In these cases and in the other work carried out by the ITPU under the framework contract and underpinned by Dr Woolcock's research and that of colleagues associated with the ITPU, LSE research has made a significant, and often crucial, impact on the thinking, deliberations and ultimate decisions of the trade committee. In doing so, LSE research has been central to ensuring informed debate in Europe on these important issues. The LSE has also been proactive in proposing initiatives. This led for example to a workshop in the European Parliament in May 2012 that brought together key stakeholders and policy-makers to discuss the EU's position on the proposal to use plurilateral agreements as the response to the deadlock in multilateral trade negotiations and the rise of emerging markets [I].

Why the Impact Matters: The EU governs the largest single market in the world, and its trade policies have systemic consequences for the behaviour of governments, firms and individuals across the world. By informing the work of INTA, Dr Stephen Woolcock's research is helping to ensure that those policies work effectively.

5. Sources to corroborate the impact (indicative maximum of 10 references)

All Sources can also be seen at: https://apps.lse.ac.uk/impact/case_study/view/56

- A. European Parliament Workshop. An assessment of the EU-Korea FTA. July 2010. Source files: <https://apps.lse.ac.uk/impact/download/file/1527>
- B. Woolcock presentation to INTA hearing on Korea. Source files: <https://apps.lse.ac.uk/impact/download/file/1159>
- C. European Parliament: Written answer given by Mr De Gucht on behalf of the Commission. <http://www.europarl.europa.eu/sides/getAllAnswers.do?reference=E-2010-4520&language=EN>
- D. The European Union – Republic of Korea Free Trade Agreement. Source files: <https://apps.lse.ac.uk/impact/download/file/1160>
- E. Testimonial from Director, DG Trade, European Commission. This source is confidential.
- F. European Parliament Workshop. The EU Approach to International Investment Policy After the Lisbon Treaty. October 2010. Source files: <https://apps.lse.ac.uk/impact/download/file/1161>
- G. Woolcock presentation to INTA hearing on EU Investment. Source files: <https://apps.lse.ac.uk/impact/download/file/1163>
- H. Official Journal of the European Union. Opinion of the European Economic and Social Committee on the 'Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions — Towards a comprehensive European international investment policy'. 29 October 2011. Source files: <https://apps.lse.ac.uk/impact/download/file/1164>
- I. European Parliament Workshop. The Future of the WTO and the International Trading System. July 2012. Source files: <https://apps.lse.ac.uk/impact/download/file/1165>