

Czech Presidency to champion free trade agenda

By Sébastien Falletti

In sharp contrast with its French predecessor, the Czech Presidency of the EU will push for an aggressive free trade agenda both at multilateral and bilateral levels during the first half of 2009. Prague intends to translate into action the motto of its Presidency: 'Europe without barriers'. The Czech Republic, one of the most free trade-oriented member states, is determined to salvage the Doha Round, remove barriers to transatlantic trade and give a push to bilateral talks with emerging partners, such as South Korea. Prague will strongly support EU Trade Commissioner Catherine Ashton's liberalisation efforts. However, its proactive policy could clash with the interests of bigger member states, such as France or Germany.

Reviving the World Trade Organisation Doha Round of talks, launched in 2001, will probably be the first task of the Czech Presidency, and it is likely to be a challenging one. Following a push by G20 leaders, during the Washington summit on 15 November, the key players of the round had stepped up their effort to resurrect the negotiations that had collapsed in July in Geneva. However, WTO Director-General Pascal Lamy's decision, on 12 December, to renounce a decisive ministerial meeting before Christmas has confirmed that large gaps remain. This situation seems unlikely to change in the short run and Prague has little leverage to

convince reluctant countries, such as India, China or France, to make an extra effort.

The Czechs will keep an eye on the upcoming US administration. President George Bush's administration has been a key obstacle on the road towards a multilateral deal. Strengthening transatlantic relations is a key priority for Prague, which will try to engage President Barack Obama, who has sent conflicting signals about free trade. Many observers expect the Democratic Congress and the new administration to be reluctant to engage in free trade talks, against the backdrop of an economic recession.

However, the Czech Presidency also wants to engage Washington bilaterally by giving a boost to transatlantic trade, notably through the Transatlantic Economic Council (TEC), launched in 2007. "We want to give a new impetus to the TEC," said a Czech spokesperson. Less than two years after its launch, the TEC, which aims at promoting regulatory convergence between European and American markets, has failed to deliver meaningful results and is increasingly criticised on both sides of the Atlantic. The next TEC meeting, scheduled during the Czech Presidency, could be decisive for its future. Here, again, the big question mark will be the attitude of the next US administration.

Canada is also expected to keep the Presidency busy, as the Commission and Ottawa are engaged in the early stage of negotiations on an ambitious bilateral economic partner-

ship. The talks were launched in October and both sides are discussing the scope of the future agreement. This critical phase could be completed under the Czech Presidency which could then decide whether to move to the heart of the matter. The European Commission wants to ensure that key European interests, such as public procurement, are included in the talks.

Concluding a free trade agreement (FTA) with South Korea remains the best hope of success for Prague. The talks, launched in May 2007, are in their final stage and both the EU and Seoul want to strike a deal during the first half of 2009. This FTA would be the most important ever signed by the EU. However, negotiations are stuck over the most sensitive issues, including the automotive sector and rules of origin. In order to strike a deal, Prague and Ashton will have to convince German and French car makers to accept the swift liberalisation of the EU market. The crisis of the car sector is unlikely to help such an outcome.

The Czech could also clash with the most protective member states, including the Mediterranean countries or France, when it comes to trade defence instruments. Following Peter Mandelson's example, Prague is considering plans to reopen this sensitive debate and to promote a more flexible use of anti-dumping instruments. This file could then be pushed by Sweden, also a strong free-trade advocate, which will take the helm of the EU after Prague. ■