

9/4/99 EU: FREE-TRADER WITH A RAZOR-SHARP MIND - IN THE HOT SEAT - BUSINESS SATURDAY.

By Alasdair Murray,
Man in the news

On the day that Pascal Lamy was appointed the European Trade Commissioner, the US revealed it was imposing \$120 million (#75 million) worth of sanctions against the EU. While the timing was coincidental, the message it sent about the state of trade relations between the two economic giants could not have been clearer. In his five-year term, even as committed a free-trader as Sir Leon Brittan had failed to prevent a dramatic breakdown in transatlantic relations. How, an incredulous Washington reasoned, could the EU now send a French Socialist, not only to try to repair the damage, but to lead the delicate millennium round of trade talks? MEPs at a series of confirmation hearings for the new commissioners this week have been no more welcoming. As right-hand man to Jacques Delors, the former President of the European Commission, M Lamy has been tainted by a number of that commission's failings.

His abrupt departure in 1994 to help to rescue Credit Lyonnais bank has been likened to the controversial departure of Martin Bangemann, former Industrial Affairs Commissioner, for a lucrative post at Telefonica, the Spanish telecoms company. At his own hearing on Thursday, M Lamy was forced to justify his past as much as to present his vision of the future.

The scepticism of M Lamy's critics is easy to understand. A product of that peculiar French system where the civil service, business and politics are allowed to merge seamlessly, he appears vulnerable to the accusations of cronyism that the new commission is desperate to shake off.

A graduate of the Ecole Nationale d'Administration, the elite training school for France's future leaders, he became an adviser to M Delors, then Finance Minister in the Mitterrand administration in the early 1980s, before moving to the private office of the Prime Minister, Pierre Mauroy.

When M Delors was appointed president of the commission in 1985 it was M Lamy he chose to act as his Cabinet chief. His ruthless approach to other commission members quickly earned him the nickname "Delors's Exocet". His razor-sharp mind, close-cropped hair and muscular physique - he is a keen marathon runner - have led others to liken him to an "intellectual paratrooper".

When M Lamy left in 1994, it was to take up the number two post at Credit Lyonnais. Years of uncontrolled lending and fraud had left the state-owned bank effectively bankrupt. Only three injections of state aid - cleared by the commission despite the opposition of Karel Van Miert, the Competition Commissioner - kept the bank alive. While M Lamy played no direct role in negotiations until four years after he left the commission, his knowledge of the Brussels system must have proved invaluable. Yet this unrivalled career path is also his great strength. He is one of the few commissioners with genuine business experience. His time at Credit Lyonnais has fostered his support for the free market.

He was present at the last substantial round of trade talks in 1992, understands the process and is credited with having toned down some of M Delors's more protectionist instincts. He is also a fluent English speaker, coming as close as is possible for a Gallic Socialist to being an Atlanticist.

These apparent contradictions, which have raised so many suspicions among his critics, ironically, should allow him a freedom of action denied to his predecessor, who was distrusted in a number of European capitals.

M Lamy used his confirmation hearing to extol the virtues of free trade. "It is not a zero-sum game where some lose as others gain. It's a win-win situation." But he tempered his comments with an acute awareness of the difficulties in reconciling the free-trade agenda with Europe's desire to preserve its health and environmental standards.

The recent spate of food safety scares has transformed trade from the minority concern of disgruntled farmers into a mainstream issue. M Lamy admits that free-traders are losing the battle for the hearts and minds of the public. His impeccable French credentials, coupled with a genuine understanding of the fears of the new protectionists, will at least give him a fighting chance of turning that tide.

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