

Now HERE'S A HOT SEAT

BY BRUCE STOKES

Only a half year into his job, Pascal Lamy, the European Union's commissioner for trade, is already the pivotal player in the three most critical dramas on the global trade scene today. Only Lamy can reverse mounting U.S.-EU tensions over taxes, bananas, and beef and wrap up European negotiations with China on its joining the World Trade Organization. And Lamy holds the key to launching a new round of international talks in the wake of December's disastrous world trade summit in Seattle.

A French socialist with a reputation as a political hatchet man, Lamy could prove to be American trade negotiators' worst nightmare as they wrestle with these issues. Or, with his capacity for strategic vision and his acute tactical political skills, Lamy could be America's best hope, both for reversing the deterioration in U.S.-European trade relations and for reviving the foundering world trading system.

"Pascal has an astute sense of how to operationalize a vision, to know where the obstacles are and how to go around them or over them," said Robert B. Zoellick, a fellow at the German Marshall Fund in Washington who worked with Lamy in preparing numerous G-7 summits during the Bush Administration. Lamy will need to draw on all those talents in the months ahead.

Lamy, 52, is a product of his country's vaunted meritocracy. A graduate of the Ecole Nationale d'Administration, the training ground for generations of French leaders, he started his career in the elite Inspection Générale des Finances. He rose rapidly to become the chief of staff for Jacques Delors, the president of the European Commission. As a result, said Peter Ludlow, the founding director of the Center for European Policy Studies in Brussels, "Nobody knows better how the machine works."

But unlike many of his civil service peers, Lamy is also indeed in the world of commerce. For five years before returning to Brussels, he helped quarterback the recovery of the state-owned French bank Crédit Lyonnais. Colleagues say it was that experience in the fast-paced world of global finance that best prepared Lamy for dealing with the new economy of the 21st century.

Lamy's choice as trade minister originally raised eyebrows in Washington, where officials bear the scars of past trade battles with the French. But so far American fears have proved groundless. "He has reassured everybody that he is a free-trader, and that he doesn't believe that protectionism is the answer to Europe's problems," said Dirk Hudig, secretary general of UNICE, the European equivalent of the National Association of Manufacturers. "He doesn't come across as an ideologue," agreed Rep.

Sander M. Levin, D-Mich., who met with Lamy recently in Washington. "He comes across as more political, with a sense of strategy."

Lamy will need all of his tactical and strategic skills in dealing with the growing crisis in U.S.-EU relations bequeathed him by his predecessor, Sir Leon Brittan. So far, Lamy has failed to produce tangible breakthroughs on the issues that matter most to the United States: an offer to reduce European farm export subsidies or a narrowing of the agenda for the stalled new round of world trade negotiations.

But he has demonstrated a deft diplomatic touch while trying to defuse recent tensions. Concerning the United States' retaliation against the European Union because of its failure to implement a WTO ruling on bananas, Lamy said: "It is very important for me to put the European Union in a position where it is WTO compliant. That is the rule of the game today." Addressing the recent WTO ruling invalidating U.S. tax breaks for American exporters, Lamy stressed the importance of not letting this multi-billion-dollar dispute damage trans-Atlantic relations. Finally, regarding Brussels' protracted negotiation with China over its WTO membership, which could delay a congressional vote on U.S. trade relations with China, Lamy argued that Americans "have to understand ... that we need as good a deal for the European Union as there is for the United States." His approach to U.S.-EU issues seems to be guided by an overriding conviction: "I see a convergence between the medium- and long-term interests of the U.S. and the EU," he said.

Such a goal will not be easily attained. "A negotiator is like a cook who has a choice of ingredients that he is using and who has to serve the client at the right moment with the best dish he can," Lamy said. "So I have to take risks."

And sometimes the soufflé falls. In Seattle, Lamy agreed to the creation of a WTO working group on biotechnology, only to have EU members disavow it. And sometimes his Gallic spicing sours the pot. "His relationship [with U.S. Trade Representative Charlene Barshefsky] that was new and fragile took a dip after Seattle, when he implicitly criticized her," said a U.S. official. "But she doesn't hold grudges, and he stepped back and realized it wouldn't help." Their relationship is now on the mend.

It will require a daring to take risks and a sensitivity to know when he has overstepped himself if Pascal Lamy is to rise to the challenges. With the lame-duck Clinton Administration preoccupied with its China troubles on Capitol Hill, and with the ball in Brussels' court on bananas, taxes, and the WTO, Lamy has to deliver if there is to be any progress this year on international trade issues.

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