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# Lamy embraces China

## European trade commissioner wants Beijing at next round of global talks

**MONDAY FACE**

Audrey Shee

On the seventh floor of a green-tinted glass edifice in the heart of Brussels, the political centre of Europe, is the office of an unassuming government official who is about to revolutionise global trade.

Pascal Lamy, European Union trade commissioner, is determined to establish another round of global trade talks, but this time he wants to engage all members of the World Trade Organisation and introduce the biggest new partner of them all.

The 53-year-old Frenchman, who has a reputation as a hard taskmaster, is in Hong Kong today to reaffirm the SAR's bilateral trade agreement with the EU. But it is for his role in bringing China closer to joining the WTO that he is likely to be remembered.

Since his appointment in September 1999, Mr Lamy and former United States trade representative Charlene Barshefsky have been a formidable force in negotiating with China. His intellectual prowess and honed debating skills complemented her toughness as a negotiator.

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A graduate of one of France's most elite colleges for grooming politicians, the Paris Institute of Political Studies, Mr Lamy also attended another grand-ecole of the French elite, the ENA civil service college, where he met Mr Delors. Upon his appointment as finance minister in Francois Mitterrand's administration in the early 1980s, Mr Delors asked Mr Lamy to become his adviser.

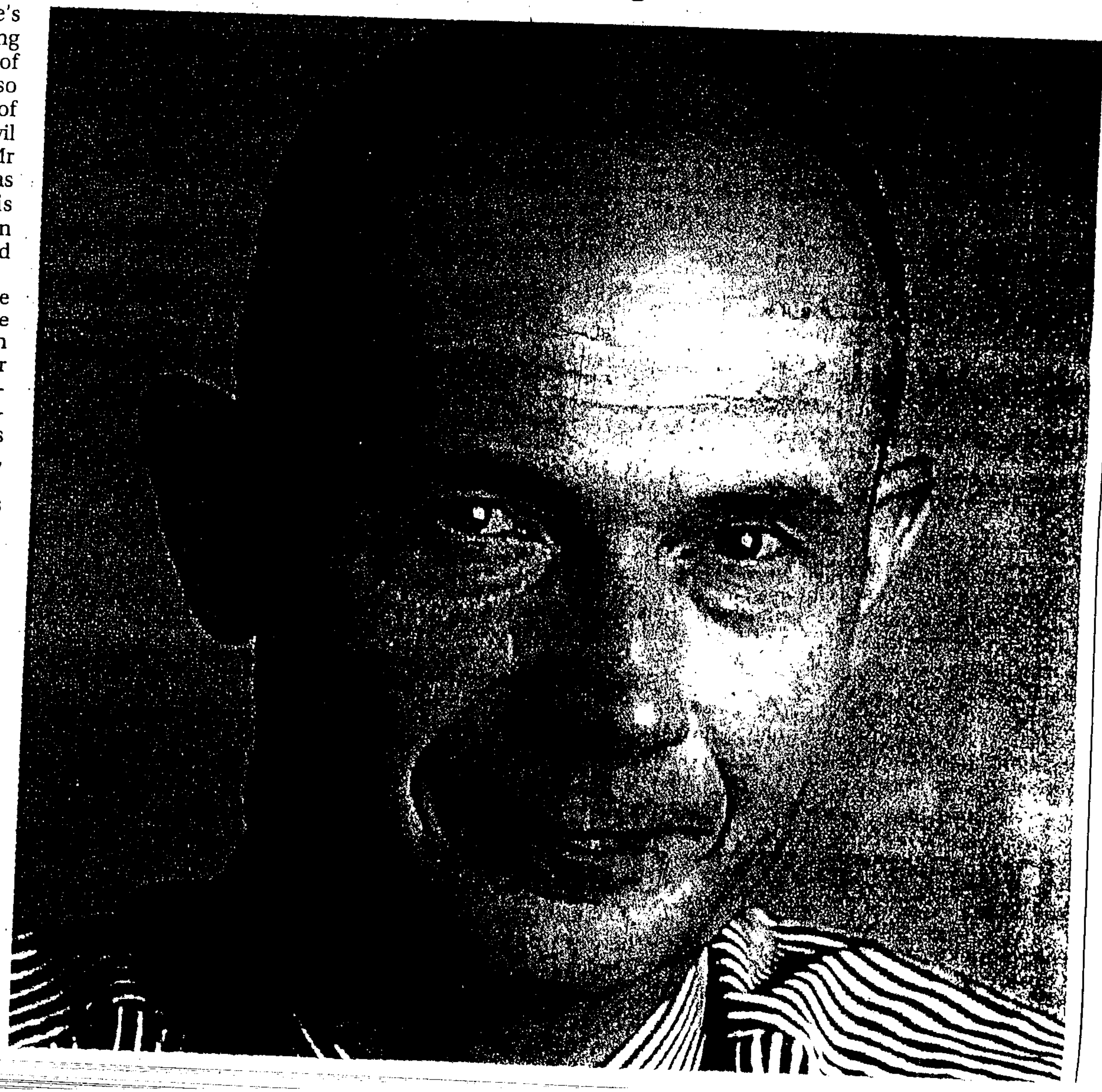
Mr Lamy later moved on to the office of prime minister Pierre Mauroy and might have stayed in French politics if not for Mr Delors' appointment as EU president. Upon taking office, Mr Delors re-employed Mr Lamy as his head of cabinet, or chief adviser, for the next nine years.

When he joined, the EU was on the brink of a trade war with the United States. It is said that Mr Lamy's more liberal attitude to trade won the day over his boss' economic protectionist tendencies.

When the Delors era began to crumble due to allegations of cronyism, Mr Lamy looked outside the commission for his next challenge.

The French Government had a financial crisis on its hands in 1994 as the country's largest bank, Credit Lyonnais, came close to bankruptcy following an ill-fated expansion spree.

Mr Lamy was given the job of rescuing the bank and preparing it for privatisation, serving as the bank's number two under chairman Jean Peyrelevade.



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China has dug its heels in over some issues that are simply not acceptable under WTO rules. Through much perseverance, the US-EU trade tsars have convinced Beijing authorities of the benefits of letting go most of the restrictive economic controls to reap the rewards of being part of the biggest trade club of them all.

The US still has to resolve a dispute over agricultural subsidies with China, and the EU still wants assurances that the services sector will be fully liberalised. This, according to Mr Lamy, means the negotiations may drag on a little further. China had been expected to join the WTO in the first few months of this year: its accession is now expected to take place in the middle of the year at the earliest.

It has taken 14 years for China to get this far, so a few more months should not matter, Mr Lamy says.

"First, China has to offer a commitment to the standard level of other members. Progress is inevitably incremental.

"I am realistic enough to recognise that no external negotiation could, or indeed should, make China move faster down the path of reform, or at least not any faster than it wishes to," he recently told delegates at a China-Britain Business Council Conference in London. But he is determined that China will join.

"The World Trade Organisation will only deserve its W once China in on board."

It is not hard to see why Mr Lamy was known as former EU president Jacques Delors' "Exocet missile". Once Mr Lamy homes in on a subject, he will not give up until he has reached his target.

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His five-year stint at the bank brought him often to Hong Kong to oversee Credit Lyonnais' Southeast Asian operations.

"The Hong Kong office was one of the jewels in Credit Lyonnais' assets and I spent a lot of time there," he said.

Following the privatisation of Credit Lyonnais, Mr Lamy returned to the European Commission, being appointed trade commissioner by EU President Romano Prodi in 1999.

An anglophile at heart, Mr Lamy not only is fluent in English but even understands the rules of cricket – a claim few Frenchmen could make, and not all Englishmen, either – having spent many of his childhood summers in Surrey. His lithe physique is testament to his love of sports, particularly running marathons.

He shows the same strength of stamina in the lengthy disputes at the commission. But unlike most of his fellow commissioners, he has the experience of working in the business world and thus more liberal economic views.

He is also realistic about the challenges posed by anti-globalisation forces, following the failure of the WTO's Seattle summit in 1999 to establish a new round of trade talks.

Pascal Lamy wants to introduce the biggest new partner, China, to the World Trade Organisation. Associated Press

"The politics of trade have not been moving in the right direction," he said after the Seattle conference, which was disrupted by violent anti-globalisation protests.

A pragmatist, Mr Lamy has prompted the commission to reinforce its contacts and dialogue with civil society via regular consultations and working groups, and is seeking to involve the European Parliament more closely in the process of developing trade policy.

"Trade policy has to do more than show it is not a malign force. It has to make a material difference to the poorest people on this planet."

Mr Lamy decided that something had to be done about convincing the poorer member states of the WTO that their interests were taken into account.

His "everything but arms" initiative will open the European Union markets to all products – except weapons – imported from the 48 poorest countries on the planet.

These include Nepal, Burma, Laos and Cambodia.

Although Mr Lamy sees globalisation as "not a bad thing", he has also been one of the WTO's strongest critics, calling the institution "medieval".

He argues that while the WTO provides a good rule of law on international trade, it somehow does not reflect the realities of the global economy.

"Regulating trade in goods is simply not good enough in an era when investment is just as important as trade, and gains from the dismantling of public barriers to trade risk being undermined by the erection of private barriers in the form of anti-competitive behaviour of companies. That's why we need new rules on investment and competition."

While the Prodi commission is starting to lose much of its early shine, Mr Lamy's profile is emerging brighter than ever. His qualities have even started to be noticed in the US, and some say he has the attributes to be the trade *world's next leader.*

## Biography

Pascal Lamy is a graduate of France's leading business school, the Ecole des Hautes Etudes Commerciales (HEC), the Paris Institute of Political Studies and the ENA civil service college. The Frenchman began his career in the civil service at the French Finance Ministry's auditing agency, followed by a spell at the Treasury Department. He later became adviser to Economics and Finance Minister, Jacques Delors, and to Prime Minister Pierre Mauroy. From 1984 to 1994, Mr Lamy worked in Brussels as chief of staff to Commission President, Jacques Delors. In November 1994 he was appointed chief executive of Credit Lyonnais, and he helped to restructure the troubled bank in readiness for privatisation. In July 1999, Mr Lamy was appointed by Romano Prodi and the French Government to the European Commission. The European Parliament confirmed him as Trade Commissioner in September 1999. Born in April 1947, he is married with three sons.

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