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Abstract

The report explores four non-traditional trade issues - normative issues - that the EU pursues in the WTO. The first three of these issues are issues of substance - trade and the environment, trade and the labour link and health aspects of intellectual property rights – whereas the fourth issue concerns good governance in the WTO. It is argued that the EU can be regarded as a normative power in the WTO, whether it should be regarded as patronising or not. It also argued that the European Union has pursued normative issues in the WTO that have resonance in European politics. The EU has thus projected its own normative policy onto the multilateral trade arena. One reason for this projection has to with the EU's ambition to present itself as a mature organisation and to enhance the legitimacy of the Union. Another reason for the EU's interest in pursuing normative trade issues is to avoid more controversial issues among the EU countries. These two explanations refer to a sociological organizational/institutional explanation and to a more strategic and power-based explanation.

Preface

This report is part of my participation in the CIDEL project (Citizenship and Democratic Legitimacy in the European Union). CIDEL is a joint research project between ten partners in six European countries. The project is co-ordinated by ARENA at the University of Oslo and financed by the Fifth Framework Programme under the European Commission.

The CIDEL project focuses on the prospects for a citizens' Europe through analysing what kind of order is emerging in Europe. The project takes stock of the EU as a rights-based post-national union, based on a full-fledged political citizenship. Does the EU proceed along this developmental path, and if so, how far has it proceeded?

Dr. Helen Sjursen and I have been responsible for one of the working groups within the project – on EU's security and foreign policy. One important question in this working group is to what extent norms play an important role in EU's foreign policy. My contribution to the Workshop that was held in Oslo in October 2004 - *From military to civilian power: the European Union at a crossroads?* - is this report on the EU's normative policy in the WTO.

I am very grateful to Åsa Vifell who did most of the empirical work on the EU and WTO. She was employed by the CIDEL project for three months and did a great job.

I am also grateful to Helen Sjursen and to the other participants at the conference in Oslo who gave me constructive criticism on my paper. I am especially thankful for Marianne Riddervold's comments. I will, however, disappoint you all. I have only done minor changes in the report and one reason for this is that I want to stick to my explorative ambition in the report. A second explanation is that my interests in the EU's normative trade policy have to do with norms from a sociological organisational perspective rather than with norms from a political theory perspective. The latter perspective on norms dominates the CIDEL project. A third, and perhaps the most important explanation, is that I am too busy to make changes according to your comments!

Introduction

An increasing literature on the EU's foreign and security policy focuses on what is characterised as a rather new dimension, namely a normative component in that policy (Manners 2002). EU's foreign and security policy is not only about military capacity but also about human rights, democracy and other norms. This normative dimension of EU's foreign and security policy has for many years been an important building block of EU's trade policy and of its participation in the World Trade Organization (WTO). Paradoxically, EU's trade policy is seldom analysed as part of EU's foreign policy. One reason for this is probably the fact that the policy areas are regulated in very different ways. Trade policy belongs to the Community pillar and to the supranational decision-making process whereas traditional foreign policy belongs to the intergovernmental decision-making process. However, it never ceases to amaze me that the formal organisation of the EU determines the organization of the academic research on the Union and the European integration process (Mörth 2003).

This report explores what kind of non-traditional trade issues, that I call normative issues that the EU pursues in the WTO. I am also interested in answering how can we explain EU's normative trade policy in the WTO. I am aware that these complex and big questions are not so easy to answer in a short report! My ambition is to highlight examples of normative issues that have been important for the EU in the WTO and to conclude the report with plausible answers for why the normative dimension in the WTO is so essential for European Union.

I analyse normative trade policy. In one sense 'being normative' is a truism. You could argue that facts do not stand for themselves and must be interpreted through certain normative lenses. You could also argue that the very existence of having a trade policy and a multilateral trade organisation is normative because the EU's trade policy and the WTO are based on the idea of market economy. My use of the term 'being normative', however, has to do with norms that deviate from traditional trade policy and that are rather new phenomena in EU's and WTO's trade policies. I define norms as standards of appropriate and proper behaviour. I am aware of the complexity of the norm concept and that we in political science have a tendency to use norms when sociologists would use institutions. I have yet not decided whether norm is better than institution or if they focus on

different things – norms on separate rules of behaviour and institutions on a collection of rules of behaviour. Furthermore, the concept of institution, at least in the sociological use of the concept, often means norms that are taken for granted. Very few things in life are taken for granted. There are always institutions that are contested. This means that it is difficult to study institutions empirically. The norm concept does not, in my reading of the concept, imply that a norm has to be taken for granted in order to be considered a norm. Indeed, the EU pursues norms in the trade sector that are contested and debated among the members of the WTO. It could therefore be argued that institutions focus on stability whereas norms focus on change. There is, however, one advantage with the use of institutions instead of norms. I agree with Finnemore and Sikkink when they see a danger in using the norm language because it can “obscure distinct and interrelated elements of social institutions...” (1998:891). In my conclusion of the empirical findings I will get back to this discussion.

The first part of the report discusses how the EU has pursued four issues that can be categorised as normative trade issues. The first three of these issues are issues of substance - issues of trade and environment, trade and the labour link and health aspects of intellectual property rights – whereas the fourth issue entails the issue of good governance in the WTO. In the second and the concluding part of the report I argue that there are basically two types of explanations for why the European Union has been so eager to pursue normative issues in the WTO.

The empirical analysis is based upon official texts from the European Union and from the WTO. The documents tell us what kind of policy the EU wants to pursue (or present) but it does not tell us if the Union and its various member states comply with the policy and with the rules of the WTO (see Neyer 2004 for an interesting text on the EU and compliance with international trade law). My ambition, however, in this report is to explore the normative discourse on WTO. The next step would be to analyse if this policy also holds in practice.

The Formal Framework

In areas where the EU has exclusive competence within the trade area the internal co-ordination between the member states is regulated in Article 133. A special committee – the Article 133 Committee – prepares the decision-making until the issues reach the General Council. Decisions are taken with qualified majority in the Committee and in the Council but in

practice the decisions are taken in consensus. The member states and the Commission will then meet each other in Geneva in order to discuss tactics in the negotiation process rather than issues of substance. During the negotiations in the Ministerial conferences, which are the WTO's highest decision-making body, the European Commission is the only voice from the Union. In non-traditional trade issues the situation is quite different. Within services and issues on intellectual property rights the Commission has a weaker mandate (Meunier and Nicolaidis 1999). Normative issues are normally outside traditional trade issues. Whether environmental measures affecting trade are within the Community's exclusive competence or not is however a complex issue (Eeckhout 2004). This is certainly the case with other norm-related trade issues. However, the political unity in the Union over several normative trade related issues makes the EU a strong and coherent international actor in the WTO. Indeed, the issues on trade and environment, core labour standards and health aspects of intellectual property rights are less controversial within the EU than outside the Union. This means that even though the legal basis for the Commission's mandate in the WTO is not so strong on normative trade issues the political unity among the member governments gives the Commission a strong position in multilateral trade negotiations.

Ministerial conferences in the WTO

The negotiation process in the WTO is very complex and one important reason for this is that decisions are taken as package deals. The decisions are normally taken in consensus, a tradition which is a legacy from the period when GATT existed. The principle of consensus is also part of WTO's charter. The first ministerial conference after the WTO was founded took place in Singapore in 1996. The European Union was here very active in bringing new issues on to the political agenda. These issues are often referred to as the Singapore issues. These are issues on competition, investments, transparency in government procurement and trade facilitation. The Singapore issues are controversial, especially for the developing countries. One case in point is how the issue of government procurement is closely linked to questions of state corruption. The developing countries were therefore against the EU's proposal to bring the Singapore issues on to the formal international trade agenda. The Union did, however, succeed with this in Singapore and one reason behind this success is that the EU countries and other developed countries control the important informal decision-making process in the WTO. Indeed, the European Union and its work behind the scenes in the WTO (in various

working groups and informal meetings) has been put forward as one important factor behind the success to bring the Singapore issues on to the political agenda (Fatoumaka and Kwa 2003). In its framework agreement in late July 2004, the WTO decided to keep only one of the Singapore issues – trade facilitation – on the global trade agenda. The other three issues were kept outside formal trade negotiations. This also illustrates the difficulties in being successful in bringing normative issues onto the WTO agenda.

In 1999 the ministerial meeting took place in Seattle which is probably most famous for its riots. One consequence of the turbulence and protests caused by the riots is that the WTO has recently opened up for an NGO forum and open meetings in order to give room to various voices from the civil society. During the spring of 2004 the WTO held an open symposium in Geneva which focused on how the WTO and its members can reach the goals of the development agenda that was decided at Doha in 2001. The European Union has been a strong supporter for a more open and deliberative process on multilateral trade issues (see below on the section on good governance).

The fourth ministerial conference was held in Doha in November 2001 and the declaration from that meeting is often called the development agenda. This agenda clearly shows how the WTO is now concerned with a broad spectrum of issues. The negotiations were focused on how to enhance economic growth in the development countries, reduce poverty in these countries and to get the development countries to take an active part in the common trade policy of the WTO. In addition, issues of environment, labour standards, TRIPS (Trade-Related Aspects of Intellectual Property Rights), health and the Singapore issues were also part of the Doha round. The European Union was especially active on issues on environment and core labour standards. Overall the EU has been very active in order to get the negotiations to cover a broad spectrum of issues (Utrikesdepartementet 2001). One result of the Doha round is that for the first time ever in the WTO's history environmental issues will be formally part of the next negotiation round. Reduced trade barriers for environmental products and services are important in these negotiations but also that Multilateral Environmental Agreements and the WTO's general legal framework must be clarified. The Doha meeting also included a commitment by the WTO to work for the fulfilment of the so-called Johannesburg agenda (The UN convention on sustainable development). According to the Doha agreement the negotiations on services will also be part of the WTO's development agenda.

The recent ministerial conference in Cancun in Mexico in 2003 did not result in a common declaration. Instead, the negotiations broke down and were concluded before any agreement was reached. During the conference the developing countries were better organised than during earlier conferences and had agreed on a common position on various issues before the conference in Cancun. One reason for the breakdown of the negotiations was thus the strength of the developing countries and their opposition to the Singapore issues that were too forcefully put forward by the European Union. There are signs in the latest negotiations in the WTO during 2004 that the old Quad of the US, the EU, Canada and Japan is no longer dominant. In the latest developments, developing countries such as Brazil and India have played important roles in moving negotiations forward.

Trade and environment

“There is an urgent need for all WTO members to arrive at a consensus about the way forward in this area, through agreement on our shared interests and the desirable outcomes that can accrue from addressing the trade and environment relationship for the benefit of all” (European Union 2000).

Already in Singapore in 1996 the EU was very active in bringing environmental issues on the WTO's agenda. One proposal from the EU was to establish a permanent special working committee dealing with environmental issues. An ad hoc working committee – the Committee on Trade and environment – was already established in GATT and was reactivated in Singapore. The ministerial conference in Singapore gave the Committee two mandates – to identify the linkages between trade and environment and to present recommendations for how the trade system could be changed due to these linkages between these two policy areas (European Union 1996). According to the European Commission the overall goal is to promote a sustainable development in accordance with the Rio Declaration (European Union 1996). In Doha the role of the environmental issues in trade negotiations was strengthened, although the European Union wanted the ministerial conference to be more radical in the declaration.

What kind of environmental issues is the European Union trying to link to trade issues? In short, the environmental issues have concerned how environmental regulation affects trade policy, market access for

environmental-friendly products and above all, that WTO rules must be in accordance with international environmental conventions and with the Multilateral Environmental Agreements (MEA). In a non-paper in 2000 the EU presented how this can be achieved and why it is important and necessary for the WTO and the secretariat of the MEA to legally and politically coordinate with each other (European Union 2000). The EU has therefore proposed a code of conduct between the WTO, the secretariats of the MEAs and UNEP (The United Nations Environmental Programme).

There are several arguments for the importance of this dialogue and rules. One argument in the EU paper is that conflicts can be avoided between trade and environmental issues if there are clear rules for how to tackle trade and environmental issues. Another reason put forward by the EU in the paper is that multilateral rules protect weak states from more powerful states. The weak states are often developing countries that have difficulties to follow environmental norms due to low standards and lack of resources. This situation must, according to the EU, be taken into account when common rules are agreed upon. It is also stated in the non-paper that the MEAs are not subordinated the WTO rules. "Subordinating the MEAs to the WTO would undermine international efforts to tackle environmental problems and would fuel the arguments of those opposed to the WTO" (European Union 2000).

Eco-labelling and market access are other issues that the EU has put forward in the WTO. Eco-labelling is conducted and regulated through non-governmental organizations and through voluntary agreements and there are so far no conflicts between these regulations and the rules of the WTO. If these would appear, however, the EU supports the so-called Life-Cycle Approach which means that the producer has full responsibility during the life cycle of the product. The EU has also emphasised how important eco-labelling is for the implementation of Agenda 21 (European Union 1996). The question of market access is linked to the question of eco-labelling but also to how the developing countries' possibilities to export their commodities are often restricted due to environmental regulations. The environmental regulations are frequently voluntary (standards, codes of conduct, recommendations etc) but function in practice as trade restrictions for the developing countries. The EU has therefore argued that the developing countries need to participate in the development of various standards so that the standards are compatible with the system in these countries (Leal-Arcas 2003;2004).

The position of the EU can thus be interpreted as a strong commitment of the EU to strengthening the WTO on trade and environment. By bringing these issues into the multilateral trade negotiations the legitimacy of the WTO is strengthened. It is also quite obvious that the EU and its member states are trying to present a more radical and progressive EU in multilateral trade in order to avoid domestic criticisms. We have seen that in matters of substance the EU has presented an environmental trade agenda in the WTO. It can, however, be noted that the EU has been very reluctant to discuss issues that are controversial among the EU countries. The EU's opposition to bringing agricultural issues on to the WTO agenda has been criticized by the developing countries. The EU's position on the linkage between trade and environment has therefore been interpreted as a rather cynical policy. The EU is active on new and normative issues but resists free trade on the most important issue for the developing countries.

Trade and the labour link

“Existing international economic and social rules and structures are unbalanced at the global level. Global market governance has developed more quickly than global *social* governance” (European Commission 2001, see also the European Council 1999).

Issues on trade and labour are not new in the WTO and in its predecessor GATT. During recent years, however, the link between trade and labour has got more international attention than during earlier periods. The main argument for bringing issues of labour into the WTO is the fear of a race to the bottom which means that the lowest labour standard in one country will become standard and function as a trade barrier for more advanced and better labour standards in other countries. This fear of worsened labour standard has been raised by unions all over the world but also by many NGOs and INGOs (Florini 2003). They have argued that the WTO, although it is a trade organization and not a political organization, must deal with the link between trade and labour (Dunn 1999).

The EU, through the European Commission, in 2001 presented a strategy to increase core labour standards globally (European Commission 2001). The strategy is logical from the European Union's point of view. Internally, the EU has been dealing with the social dimension and labour standards and recently the focus has been on the European Employment Strategy. The time has now come to promote core labour standards and improving social governance in the context of globalisation (European Commission 2001). For the EU this is not only a way for the Union to strengthening the

legitimacy of the WTO. It is also part of the Union's effort to present the EU as not only as an economic project but also as a social project. The activity by the Union in the WTO on labour issues is shown by its many non-papers to the ministerial conferences. In Singapore the EU was instrumental behind the decision to establish a working party on the linkage between trade and labour standards. In the conclusions of the meeting in Seattle in 1999 the EU presented a Programme for Action consisting of a plan of four important questions on trade and labour standards:

- Extend the co-operation between WTO and ILO (International Labour Organization)
- Support the work of ILO and their role as observer in the WTO
- Create a common body between WTO and ILO
- Support initiatives on improving core labour standards

The EU has especially been active in trying to create a common body between the WTO and ILO, but has not yet succeeded in creating such a body. The issue on labour standard is, however part of the Doha declaration. Many of the developing countries are critical towards how the linkage between trade and labour standards is handled by the WTO. They argue that the social and labour dimension in trade issues is an expression of protectionism, an example of non-tariff trade barriers. Improving labour standards have, however, continued to be a profile issue for the EU in the WTO. In the Programme for Action in 2001 there are prohibitions against forced labour, child labour, discrimination as work, equality in remuneration and Freedom of association. The EU also supports the trend of corporate social responsibility (CSR) – that private companies take a social responsibility and that relevant stakeholders take part in the regulation of the labour market (Ahnliid 2002).

Health aspects of intellectual property rights

The third case of a normative and non-traditional trade issues is the supply of medical drugs to the developing countries. Intellectual property rights have formally been part of the WTO since 1995. Already during the Uruguay round (during the GATT era) the so-called TRIPS-agreement was reached (Trade-Related Aspects of Intellectual Property Rights 1993) and regulates, among other things, dispute settlement (WTO 1986-1994). The agreement also stipulates that the member states have a right to make exceptions from TRIPS citing public health. In the Doha agreement it is stated that the TRIPS agreement is seen as part of the international work

with health problems such as HIV/AIDS and malaria, diseases that mostly hit the developing countries. An important component in the Doha agreement is the possibility to enact so-called Compulsory Licenses. This means that a government can produce a drug without the approval of the intellectual property rights owner. These licenses can only be used within the home market. The possibility of Compulsory Licenses is a controversial issue, especially among the pharmaceutical industry. The developed countries, including the EU countries (and the candidate countries) have declared that it will not use the right to issue such licenses (WTO 2003).

The EU has strongly supported the idea of making the WTO's rules more flexible on issues of intellectual property rights. The EU wrote the first draft of the TRIPS agreement and tried already in Tokyo in 1978 to put issues on health and intellectual property rights on the agenda but without reaching any consensus with the U.S Government (UNDP 2002). In 2001 the EU launched an action programme on the availability of medical drugs in the developing countries. The programme is in line with the UN's so-called Millennium Goals on the eradication of extreme poverty, among other matters. The aim of the action programme is to make the medical drugs more affordable for the poorer countries and to encourage research into how to limit the outbreaks of epidemic diseases (European Commission 2003a). The Doha agreement changed the TRIPS agreement towards a more development-friendly direction and with extended possibilities to interpret the agreement from social and health aspects (UNDP 2002).

The hardest opponent for the EU on the issue of health and intellectual property rights has been the U.S Government. The EU and the U.S have especially disagreed on what diseases that should give the right to enact Compulsory Licences. The EU's position is that not only diseases mentioned in the agreement should be applicable but also diseases that separate governments interpret as important for the public health that necessitates Compulsory Licenses. Criticism has, however, been directed towards the EU for its strict policy on which diseases that should be applicable for enacting Compulsory Licenses. The criticism has been met by the former EU Commissioner for trade Pascal Lamy in a letter to the General Director of the WTO in which Lamy denies that the EU is pursuing a strict policy (European Commission 2003b).

For obvious reasons the developing countries are in favour of the EU's policy on health and intellectual property rights. An overall impression is that the developing countries seem to have relied on the EU to pursue a

more radical trade and health policy. During recent years, however, the developing countries have become more coherent and strong in the WTO negotiations. It is likely that issues on health and trade will become more salient on the multilateral trade agenda than during earlier periods of negotiations.

Good Governance

In addition to issues of substance – trade and environment, trade and labour and trade and health aspects of intellectual property rights – the member countries within the WTO discuss on how the decisions are made in the organization. The developing countries have criticised both the WTO and the EU for the organization's traditional closed diplomatic decision-making processes (Meunier 2003). In a position paper from the EU it is stated that the decision-making processes in the WTO must be more transparent, include participation from non-state actors, establish global rules on procurement in order to make the organization more legitimate (European Commission 2004). It is, however, less clear how the EU wants to reform its own decision-making process on trade issues. An increased participation by NGO's and other non-state actors is not automatically seen as positive from the perspective of the developing countries'. This is so because the NGO's, whatever their humane intentions, represent the perspectives of the developed world.

The reformation of the decision-making processes in the WTO will be a common theme during the ministerial conferences in the future. The developing countries' more coherent and strong position is likely to put pressures on how the formal decision-making processes work. It is, however, striking how democratic the WTO is compared to for instance, the World Bank and the International Monetary Fund (IMF). In contrast to these organizations one country and one vote counts in the WTO. There is no 'Security Council' as in the case of the UN. The WTO also lacks a powerful executive board, which is the case with the World Bank and the IMF. Indeed, the WTO is a member-driven organization. However, the informal decision-making process in the WTO shows a rather asymmetrical power balance among the member states. The so-called green rooms-meetings during the ministerial conferences are one important component in these informal proceedings that are less accessible for developing countries. The fact that voting seldom takes place is also a disadvantage for the developing countries. They are formally in majority in the organization but in practice they have often been the weakest part in the negotiations.

Thus, power bases in the form of economic capacity and growth, are important in order to succeed in the WTO negotiations. This can be illustrated with how the Quad, consisting of the U.S, Canada, the EU and Japan, has, until the latest developments, been the most influential group in the WTO.

Things are, however, changing as a result of the failure in Seattle, which can be explained by the developing countries' dissatisfaction with the WTO's informal decision-making processes. The EU has showed, at least on paper, that it will accommodate the demands of a more open decision-making process. An important proposal is to enhance the participation on NGOs. Another proposal from the Union is to enhance the working procedures before the ministerial conferences (European Commission 2004). The EU also suggests that the structure of the negotiations should be presented well ahead of the conference so that the working groups will be easy to identify. In addition, technical assistance to the developing countries is emphasized by the EU (European Commission 2004). Furthermore, documents from the WTO should be more accessible (a proposal the EU already presented in 1998).

Conclusions and discussion

Two conclusions can be drawn from my empirical, albeit rather sketchy, analysis. First, the EU can be regarded as a normative power in the WTO, whether it should be regarded as patronising or not. It is of course tricky to establish this without having talked to people outside the EU, for instance with representatives from the U.S Government or from representatives from the developing world. My impression is, however, that the EU has been more progressive and consistent in its normative trade policy in the WTO than the U.S or the developing countries. This impression is also confirmed by US Professor I.M. Destler (University of Maryland/Institute of International Economics), an eminent expert on the WTO, whom I interviewed outside Washington, DC, in September 2004.

Second, the European Union has pursued normative issues in the WTO that have resonance in European politics. The EU has thus projected its own normative policy onto the multilateral trade arena. The first issue on environment is an important issue for the European Union and is one of its trademarks in international politics. The European Union's support for the Kyoto-agreement and other environmental issues clearly shows that

environment issues are high on the European political agenda. Core labour standards have been part of EU's *acquis* since its very start in the late 1950's. Issues on equal pay; work safety, gender equality and other labour related issues have been important in the creation of EU's internal market. Issues of public health and trade are an important part of EU's development aid policy.

The empirical analysis also suggests that the EU has been fairly successful in pursuing environmental issues, labour standards and health issues in the WTO. Further empirical analysis must of course be conducted in order to substantiate that suggestion. According to Professor I.M. Destler the EU and the U.S co-operate in the WTO on normative trade issues (their conflicts are often about economic costly issues). Professor Destler acknowledges, however, that the EU is the main driving force in pursuing normative trade issues and has in many cases 'forced' the U.S to take a stand on those issues.

The EU's support for linking trade with environment can first of all be explained by the fact that environment policy is regulated within the community pillar. This is also the case with labour and health issues. Thus, the legal basis for EU's actorness on environmental, labour and health issues is strong. Environmental issues were initially not part of the Community pillar. They were not enshrined in the Treaty of Rome and no article gave the EU any formal power to be an international actor in the environmental sector. The European Court of Justice provided already in 1971 a legal basis for an active international environmental policy. In the ERTA ruling from the same year it was stated by the Court that if the Community had legislation in one issue the EC had the mandate to act on the international arena (Sbragia 2002). The legal base for EU's actorness on environmental issues was later enshrined in the Single European Act (Article 130r (5)). In Dublin in 1987 the European Council decided that the Union should be active on environmental issues on the international arena. The legal basis for social policy issues linked to the labour market has also emerged gradually and with the help of the European Court of Justice. Indeed, the legal-driven integration process is evident on issues of the labour market. The political unity among the EU member states has also strengthened during recent years on the social dimension of the labour.

A second explanation for the EU's emphasis on the importance of environmental issues and other normative issues in the WTO has to do with European domestic politics. It is, for instance, striking how the active environmental policy in the WTO can be linked to two domestic political

processes and factors in EU member states. The first factor is the existence of strong green parties in several of the European countries. Indeed, the green parties have had a strong position in these countries' parliaments and governments, sometimes holding the balance. The second factor is how the new member states in 1995 – Finland and Sweden – strengthened the call for a more radical EU trade policy. The discussion in Europe in recent years on the role of multinational companies and their social responsibility on issues of child labour, eco-labelling and other non-traditional companies issues is also an interesting development towards a public demand for a more European radical multilateral trade policy. Global political initiatives, like the UN's Global Compact initiative, are one case in point (Sahlin-Andersson 2004). The interaction and co-operation between state and non-state actors on normative political issues seem to increase, both on national, regional and on the global level (On the emergence of private authority see for instance Higgott et al 2000).

A third and related explanation to the second explanation for the radical European normative trade policy in the WTO has to do with the legitimacy problems of the EU. The strong sentiments and opposition in several of the European countries towards the WTO have affected the image of the EU as a market-driven technocratic organization. The environmental issues have in this sense functioned as a window of opportunity for the European Union to enhance its reputation as a more socially responsible organization that is not only market-driven but takes 'soft' issues seriously. By pursuing a more radical policy in the WTO the EU has not only tried to strengthen the legitimacy of the WTO but also the legitimacy of the European Union.

The best example of how the European Union projects its own blueprint for how politics is done is the case of good governance. The White Paper on Governance and the new draft for a constitution for Europe show a very similar discourse on good governance, for instance on increased transparency and how the decision-making processes should have more participation of the civil society. Participatory democracy is now formally part of the new draft for a constitution for Europe. Deliberative democracy has been argued by the European Council as an important reason behind the decision to introduce the Open Method of Coordination (although I am not convinced that it works, Frykman and Mörth 2004; Mörth 2005). Indeed, deliberative and participatory democracy is more politically emphasised than ever before in the European integration process. The political message is clear – the EU is something more than a market-driven and a problem-solving organization. Moreover, the projection of good governance on the WTO and the multilateral trade negotiations seems to

point in the direction of a democratic system based on rights rather than on common ethnic values (cf Eriksen and Fossum 2002).

To conclude this section on how to explain the fact that the EU has pursued normative issues in the WTO, I will in short highlight two theoretical explanatory dimensions. The first is a sociological organizational/institutional explanation and the second a more strategic and power-based explanation. It is obvious that both of these types of explanation fit well into the case of the EU as an ethical power in the WTO. The two theoretical perspectives emphasise different aspects of the EU's policy in the WTO. The sociological organizational/institutional perspective focuses on how the EU wants to perceive itself – as a modern organization that focuses on human rights, democracy and other non-market issues. The norm-based trade politics has become part of the European political identity. The focus on NGO's and on the participation of civil society, both in EU and on the multilateral trade level, suggests that the EU wants to be an inclusive organization that solves political problems with dialogue rather than with confrontation (for an interesting discussion on meta-organizations and identity-building see Ahrne and Brunsson 2004). The norms are thus constitutive – they create identities and the very basis for action.

The strategic and power-based perspective brings out the self-interest in the norm-based trade policy. The norms are regulative. They order and constrain behaviour. The EU is not the Good Samaritan in trade politics – it is just protecting and pursuing its own interests. The discourse on normative trade policy is, for example, part of a European political strategy to strengthen EU's legitimacy. To put it in more cynical words – the European political leaders know how to talk the talk. By doing that the political leaders avoid more controversial issues, namely trade liberalisation of the agricultural sector. Another strand of a more power-based explanation is that the European Commission's activism on norms related trade issues is that its power is strengthened due to the broadening of EU's trade policy in the WTO, although the EU member states were initially the forerunners for a more radical trade policy in the WTO (Sbragia 2002).

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