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**Interview of Ambassador Hugo Paemen
conducted by Rosine Plank-Brumback
on September 24, 2009**

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1 **Rosine Plank-Brumback:** This is an interview of Ambassador Hugo Paemen for an oral history
2 of the world trading system being compiled by the Institute of International Economic Law of
3 Georgetown University Law Center. We're in his office at Hogan and Hartson in Washington,
4 DC. The date is September 24, 2009. My name is Rosine Plank-Brumback and I have the
5 pleasure of conducting this interview. Thank you so much, Ambassador Paemen, for
6 participating in this project and giving us your valuable time.

7 **Hugo Paemen:** My pleasure.

8 **Plank-Brumback:** Your insights from over two decades of national and European Community
9 service—including as Chef de Cabinet of European Commissioner Vicomte Étienne Davignon,
10 as spokesman for Commission President Jacques Delors; as Commission Deputy Director-

11 General for External Relations, and in this capacity lead European negotiator for the Uruguay
12 Round; and as EU [European Union] Ambassador to the United States—are of enormous value
13 to scholars and researchers tracing the evolution of the international trade regime, and also to
14 government officials and diplomats for formulating future policy.

15 To begin the interview, I would like you to please provide some information about your personal
16 background and career history. Then we'll move to your recollections of the Jenkins, the Thorn,
17 and the Delors Commissions, the Uruguay Round, and bilateral trade and other issues with the
18 United States during your EU ambassadorship. So where were you born and raised, what were
19 your university studies, and what in your background prepared or inclined you to a foreign
20 service career, first in the service of your country Belgium, and then the European Community,
21 and for a career in trade negotiations?

22 **Paemen:** Well, I'm Belgian by origin, was born close to Louvain, in Dutch Leuven, an old
23 Flemish University town. The university goes back to 1425 and I've always been very close to it;
24 I'm still on the board of the university at this moment. And I did all my studies there—school
25 and university. I first studied philology, but then very soon I went to social and political sciences
26 and economics. In fact I consider myself now more of an economist—certainly not a philologist
27 anymore. How I came to the international trade is as a diplomat. I very soon felt that my interest
28 went beyond the borders of my relatively small country and wanted to try to become a diplomat,
29 participated in the exams, and thus started a diplomatic career in the Belgian context, for which I
30 went to Geneva, to Paris, and then became spokesman of the Ministry of Foreign Affairs of
31 Belgium.

32 **Plank-Brumback:** What were you doing in Geneva and Paris?

33 **Paemen:** Well, already as part of my traineeship as a very young diplomat my first activity was
34 participating in a GATT [General Agreement on Tariffs and Trade] meeting—must have been an
35 accident, I imagine. I don't remember exactly what it was about, but it was a meeting in the
36 GATT. I even remember that I needed a special authorization of the minister because I was not
37 yet an official who could speak for his country.

38 **Plank-Brumback:** You don't remember what the meeting was about though, and who chaired?

39 **Paemen:** Well, I know that the chairman was the Director-General at that moment who was, I
40 think, the very first one.

41 **Plank-Brumback:** Eric Wyndham-White.

42 **Paemen:** Wyndham-White, absolutely. And it was about, I think, the balance of payments
43 [BOP] of a country—

44 **Plank-Brumback:** No doubt BOP quantitative restrictions.

45 **Paemen:** —but don't ask me exactly which one it was. And then I stayed a while in that context
46 because I participated in the first UNCTAD [United Nations Trade and Development] meeting in
47 1964—as a member of the Belgian delegation—and through that I got involved in, I would say,
48 the dynamics between GATT and UNCTAD—in other words, the developing countries not
49 being very happy about the GATT being this rich men's club, as they called it, trying to build
50 their own organization, which clearly, in the mind of a lot of people, was an anti-GATT
51 initiative. It didn't work out like that, but clearly initially it was meant—by some at least—and
52 certainly also perceived as a reaction against GATT and some people had high hopes. I must
53 admit that, even in our own constituency in Belgium, some of the diplomats thought that this was

54 in fact how the GATT should be corrected, because they also felt that the GATT was in fact this
55 rich men's club and that a large part of the world had not been involved in international trade
56 policy. And I remember that there was some kind of tension within our own establishment
57 between those who thought the future was UNCTAD and others who were much more skeptical
58 and considered that we had to do something for developing countries, but it was not going to be
59 UNCTAD that would reign the world.

60 **Plank-Brumback:** So already issues of transferred technology, of preferences—

61 **Paemen:** Oh yes. Preferences were a big, big issue and at that time there was this tension
62 between the United States and Europe about the kind of preferences. First of all whether the
63 principle of preference was a good one. After a while I think it was generally accepted that
64 something had to be done for the developing countries, but then this discussion, at least between
65 Europe and the United States, was on the type of preferences, and Europe at that time was in
66 favor of selective and non-reciprocal preferences. It was something that you had to do,
67 selectively, not for the whole world. Only for the developing countries, and there should not be
68 reciprocity. This was not what the Americans at that time wanted; they were for general
69 preferences. By the way, the Europeans lost that argument.

70 **Plank-Brumback:** There was also, wasn't there, the issue of which developing countries as well
71 to be selected?

72 **Paemen:** Yes, but they had also made a selection themselves. That was the Group of 95—no,
73 they were initially 92—and then they became 95, as the result of the auto-selection made by the
74 developing world itself. And it would have been very difficult to make another selection than the
75 one they had decided for themselves, which, by the way, was not very constructive, because it

76 appeared afterwards that a lot of the preferences that had been given, benefitted the most
77 developed of the developing countries and that the real developing countries in fact didn't benefit
78 very much from the whole system of preferences. I think that was the experience on as well the
79 American as the European side, but they only discovered that after a while.

80 **Plank-Brumback:** So from Geneva you went to Paris.

81 **Paemen:** And then from Geneva I went to Paris and I was what they call the "economic attaché"
82 of the Belgian Embassy in Paris, where I got to know the French system and I was somewhat
83 attracted by the logic of how the French sometimes approach general problems.

84 **Plank-Brumback:** That served you well later in the Commission.

85 **Paemen:** Well, I must say I have come back from that a bit. But perhaps it served me in the
86 sense that I learned to work with French people. The presentation is very important for the
87 French, the concepts are very important, and there is somewhat the idea that if you have said it
88 well, you have done it, which is not always how it is in the real world. It was considered to be
89 my first official posting, after which I hoped to be sent to a very exotic post. I remember that we
90 were allowed to express some preferences and that one of my preferences was Rio de Janeiro and
91 another was Tokyo. What turned out was that they asked me to be the spokesman of the Ministry
92 of Foreign Affairs and stay in Brussels. So my wife was very disappointed because she thought
93 she had married a diplomat and we would live in all kinds of exotic places and there we stayed in
94 Brussels for a while. But I learned a lot as spokesman of the Ministry: you have to make regular
95 press conferences, you travel with the minister to all kind of different places, and I enjoyed it.

96 **Plank-Brumback:** That also served you well later.

97 **Paemen:** After having been spokesman for about five years, I came to Washington as the
98 economic minister at the embassy.

99 **Plank-Brumback:** This was in 1974 to 1978?

100 **Paemen:** Or to 1977. You may know that better than I do.

101 **Plank-Brumback:** I Googled you and I hope it's accurate.

102 **Paemen:** Anyway, I came here and again, like nearly everything that happened to me, it was not
103 scheduled because after two years and a half I got a telephone call from Mr. Davignon telling me
104 that he had been designated to be the Belgian European Commissioner and wouldn't I come with
105 him to the European Commission as his chief of staff. And there I went back to Brussels again to
106 the desperation of my wife, who once more thought that the next post would be somewhere in
107 Latin America or in Asia. This was not exactly the diplomatic career she had dreamt of.

108 **Plank-Brumback:** Was all of it serendipitous? You had not really planned to join the European
109 Community—

110 **Paemen:** Oh no, not at all, when you are chief of staff of a commissioner you don't become a
111 Commission official. When that was finished, normally I would have gone back to the Belgian
112 foreign service.

113 **Plank-Brumback:** So you went on secondment?

114 **Paemen:** I was on secondment all the time and knowing that I would come back, they had a job
115 ready for me at the Belgian Ministry of Foreign Affairs. But then, when Stevie Davignon left the

116 Commission, Jacques Delors became president, and I became spokesman of the European
117 Commission.

118 **Plank-Brumback:** To back step a bit, what were your specific duties and responsibilities then as
119 the Chef de Cabinet of Davignon? And apart from the thematic coverage, did your duties differ
120 between his first term in the Jenkins Commission responsible for internal market, customs union
121 and industrial affairs, and his second term in the Thorn Commission where he was vice president
122 and also commissioner responsible for energy?

123 **Paemen:** Well, at that time the portfolios of the individual commissioners were much bigger
124 because there were not that many and Stevie Davignon's was comparatively even bigger. We
125 had the customs union, we had the internal market, we had industry, we had research and
126 development, which now are the responsibility of different commissioners. Later he got Energy
127 on top of all this.

128 **Plank-Brumback:** A man of insatiable energy.

129 **Paemen:** There were no limits for Davignon. And so I had to follow all these subjects. And,
130 moreover, I think I can say that all the external aspects of our portfolios were managed not by the
131 Commissioner of External Relations but by Davignon. That's why, for instance, at a certain
132 moment, in that capacity, I negotiated the steel agreement between the United States and Europe.
133 This led to the agreement of 1982. That was the time of the steel crisis all over the world, in the
134 US as well as in Europe. Davignon, as Commissioner for Industry, had to do the restructuring of
135 the European steel industry, which was a politically delicate and difficult task. The agreement
136 was interesting in this sense that in 1992, the Europeans and the Americans decided that while it
137 had played the role we had in mind in 1982, it was now time to put an end to it.

138 **Plank-Brumback:** It served its purpose.

139 **Paemen:** It is very often not easy to stop an agreement because it becomes a political issue.

140 **Plank-Brumback:** With whom were you negotiating?

141 **Paemen:** At that time in the United States the Secretary of Commerce was Malcolm Baldrige,
142 who was very close to the President, and USTR [United States Trade Representative] was Bill
143 Brock. The agreement of 1982 was negotiated between Davignon and Baldrige and in detail
144 between Lionel Olmer, who was Under Secretary for Commerce, and myself.

145 I've rarely seen such a nice man as Malcolm Baldrige, and I was so sad when some years later I
146 learned that he was killed while roping, his favorite sport.

147 **Plank-Brumback:** And he was very close to President Reagan, which always helps.

148 **Paemen:** That was very helpful in the conclusion of the agreement. We probably couldn't have
149 done it without Malcolm Baldrige and, on our side, the strong personality of Davignon.

150 **Plank-Brumback:** How involved were you in the Tokyo Round during those years?

151 **Paemen:** Well—

152 **Plank-Brumback:** You've written that the Tokyo Round was the "zero round."¹

153 **Paemen:** Did I say that? No, I remember very clearly that I came in at the end of the Tokyo
154 Round. As you know the Tokyo Round finished in '79 and we came in, I think, in '78.

¹ Hugo Paemen and Alexandra Bensch, *From the GATT to the WTO: the European Community in the Uruguay Round* (Leuven University Press, 1995), 30.

155 **Plank-Brumback:** You came in, well, Davignon would have started January 1977 but you
156 probably came—

157 **Paemen:** I came in a bit later.

158 **Plank-Brumback:** And you mentioned that there were already talks with then USTR Strauss
159 and Davignon and—

160 **Paemen:** At a certain moment Davignon and I went to Geneva and we had a meeting with Bob
161 Strauss.

162 **Plank-Brumback:** Was that the first time you met Strauss?

163 **Paemen:** He was a very impressive personality, I must say.

164 **Plank-Brumback:** He had already met Davignon, right, or this would have been the first time?

165 **Paemen:** Honestly I cannot say. But I remember that this was a quite important meeting because
166 at that time, I think we realized, and Bob Strauss realized, that we would not be in a position to
167 finish the Tokyo Round if we really wanted to solve the agricultural problem. And again it
168 wouldn't have been possible on the American side, if not for Bob Strauss. He convinced
169 President Carter that the Americans would not see the end of the Common Agricultural Policy
170 [CAP] and had to accept to finish the Tokyo Round without having a substantial result in
171 agriculture. This saved the Tokyo Round but, on the other hand, created a lot of frustration on the
172 American side, for instance, with Clayton Yeutter, who at that time or at least that certain
173 moment was at the Department of Agriculture. And that was the origin of his very early initiative
174 to start another round: Yeutter was so frustrated that the Tokyo Round had not solved the

175 agriculture problem as he would have liked, that he wanted to have a new round as soon as
176 possible which led to the initiative of having the ministerial meeting of '82.

177 **Plank-Brumback:** Were you involved in the negotiation of the 1982 Ministerial Work
178 Programme?

179 **Paemen:** No.

180 **Plank-Brumback:** Did you attend?

181 **Paemen:** No.

182 **Plank-Brumback:** But we see once again *la spécificité de l'agriculture*. That continues as a
183 theme. Were there other trade matters apart from steel that—

184 **Paemen:** We were so much involved in steel and in textiles because it was also the moment that
185 we had not only a steel crisis in Europe but also a textile crisis and it was the moment we had to
186 negotiate the multifiber agreements, the bilateral agreements, which we had to negotiate with all
187 the exporting countries.

188 **Plank-Brumback:** Were you negotiating those agreements?

189 **Paemen:** Not directly, but I had to supervise them. We had quite a number of people negotiating
190 all these bilateral agreements. They had special offices outside the Commission building.

191 **Plank-Brumback:** Like the Star Chamber.

192 **Paemen:** And we had offices per country.

193 **Plank-Brumback:** Which continued to expand as production shifted.

194 **Paemen:** Yes, and so we had to supervise and give instructions to those negotiators, but I was
195 not personally involved in each of the negotiations.

196 **Plank-Brumback:** And so you were working with the Article 113 Committee?

197 **Paemen:** Once a month, we had a meeting of all the representatives responsible for trade policy
198 in the member states where the Commission had to explain what they had the intention to do—
199 and sometimes in very painful discussions, tried to convince the member states which very often
200 had contradictory interests—and that what we suggested was finally the best thing for the
201 European Union as such. That is what is nice about the Commission. I'm a very strong believer
202 in the European decision-making system, given what it is. Of course it is not the most efficient
203 way of operating at all, but given that you start from sovereign countries trying to bring together
204 their interests and to come to the best solution that fits more or less all of them creates enormous
205 possibilities: the sky is the limit. The only condition is that, when you have your meeting with
206 the member states, you have to convince them that what you propose is best for them, not
207 necessarily for each individual country, but for all of them together.

208 **Plank-Brumback:** So you have the right to propose but you must argue convincingly and have a
209 consistent strategy—

210 **Paemen:** And that was one of the strengths of Davignon. When we had prepared something in
211 the 113 Committee with the member states and we had to bring it to the Council, we were nearly
212 sure that Davignon would win because he was so convincing, and he was so—

213 **Plank-Brumback:** Why was that? What was so convincing and great about him?

214 **Paemen:** Because he was so good at arguing the case and presenting it.

215 **Plank-Brumback:** Good at technical argument?

216 **Paemen:** My experience is that the personal element is so important in negotiations. I've seen it
217 on the American side, I've already talked about Baldrige; we talked about Bob Strauss. You
218 know it when you see it happen in certain situations. I'm particularly talking of course of
219 international economic negotiations, but you also see it in history: when a country, whether it
220 was Japan or United States or the European Union, was successful, it was because there was a
221 strong person who could convince and deliver. It's good to have an efficient apparatus, it's good
222 to have competent people who prepare and make the nice briefs and do all the jobs which they
223 have to do. At the end of the day, the person who has to convince the political authorities of what
224 is good for them, has to be a little bit better than the others: then you get it, you can deliver. That
225 is where the personal authority and the personal talent are so important.

226 **Plank-Brumback:** Okay, any other trade issues in the energy portfolio during your time with
227 Davignon before we move on your specific responsibilities with the President?

228 **Paemen:** You remember that after the energy crisis of 1973, Kissinger organized, here in
229 Washington, a big conference on energy. It took place at the State Department.

230 **Plank-Brumback:** You were still in the Belgian service then.

231 **Paemen:** Yes, I was there as a Belgian diplomat: Davignon presided the International Energy
232 Agency Conference when we were both still at the Belgian Foreign Ministry.

233 **Plank-Brumback:** Things followed you.

234 **Paemen:** Davignon was so well regarded by Henry Kissinger and Tom Enders and a couple of
235 other people that they considered him to be the best person to bring the OECD countries together
236 and explore what the OECD [Organisation for Economic Co-operation and Development] could
237 do in terms of cooperation in energy matters. And we had this conference in Brussels in—

238 **Plank-Brumback:** —the Palais d’Egmont—

239 **Paemen:** In the Palais d’Egmont where we worked out the basis for the International Energy
240 Agency. Davignon chaired that meeting, and I was involved as the spokesman of the conference.
241 And then, when he became the Commissioner for Energy, it was quite natural that we followed
242 the activities of the International Agency, but I cannot remember a really hot issue. Later, I had
243 to go to Vienna to the International Atomic Energy but that was to make a traditional speech and
244 I regularly saw Mr. Blix at that time, but you know, we became involved only when there was a
245 crisis, not in the daily running of an international organization. I have to admit, the International
246 Energy Agency hasn’t played a very dynamic role so I cannot remember that we were very
247 instrumental—

248 **Plank-Brumback:** There weren’t any determining moments that come out.

249 **Paemen:** Not that I remember.

250 **Plank-Brumback:** You spoke about the importance of individuals and now perhaps we can talk
251 about your specific responsibilities as spokesman for European Commissioner President Jacques
252 Delors. He was seen as giving the Community a sense of new direction and dynamism quite
253 early on. Were you involved—this may have been still when you were with Davignon—with the
254 preparation of the famous white paper on the internal market of the Commission, which

255 identified measures needed to complete the internal market and then there was a schedule
256 proposed and this led to the signing of the single European Act in February 1986?

257 **Paemen:** That was a very interesting period. I was only spokesman for Delors the first two years
258 of his presidency. Delors had been in the European Parliament, but he didn't know the
259 Commission very well. He knew Davignon quite well and held him in high regard. During that
260 period I talked to Delors every day, every morning at nine I went to see him.

261 **Plank-Brumback:** "Bonjour, Monsieur le Président."

262 **Paemen:** Sometimes he was in a hurry and we had five minutes but some days we talked for an
263 hour. He was very interested, because he knew that Davignon had been a rather successful
264 commissioner, so he wanted to learn from the experience. As Davignon was not there to tell him,
265 he somewhat relied on me to explain how he had managed.

266 **Plank-Brumback:** Best practices and lessons learned.

267 **Paemen:** So we talked a lot about how the Commission worked. He decided for himself what to
268 do, but I found it very interesting to explain to him and to discuss what we had done. Jacques
269 Delors was a very special person in a very special situation because he came with the aura of
270 having been a successful Minister of Finance in France and, even more important, a very likely
271 future president of France: a certain kind of aura which he cultivated of course, he was smart
272 enough to entertain this possibility. I think that, at a certain moment, he seriously thought he
273 would go for it. The two years that I was there, it was still in the air: he was high in the opinion
274 polls and was one of the most popular politicians in France. He had convinced President
275 Mitterrand to change his economic policy. Mitterrand brought in Jacques Delors, who then

276 became a successful Finance Minister. All this explains that he was treated almost more as the
277 future president of France than as the president of the European Commission.

278 **Plank-Brumback:** Did you see any evidence that he would take a position in his hat as
279 Commission president that would affect with a view to how that would be seen as a presidential
280 candidate in France?

281 **Paemen:** Oh yes. It was always on his mind. I wouldn't say that he had only the French interests
282 in mind, but he never forgot that perhaps one day he might participate in a French presidential
283 election. For instance, I felt it very clearly when we talked about agriculture. He had this idea
284 that France was basically an agricultural country and that what was happening was really not
285 good. Repeatedly he told me that he had gone through the villages in France and found them
286 empty, because there was no agriculture anymore, and that this affected the real spirit of France.
287 And I remember that when I had a difficult question about agriculture from the press corps, and I
288 didn't want to disturb Delors, and asked Pascal Lamy, his Chef de Cabinet, how to deal with it,
289 although he was mostly very helpful, he always suggested I go to the President directly.

290 **Plank-Brumback:** Of course the Common Agricultural Policy didn't really stem what was
291 happening in the villages in France.

292 **Paemen:** No, it was a kind of idea he had, which was somewhat of the past, but it was very
293 difficult to discuss that with him. You asked me about the single market. That was a very
294 interesting episode, because, as you probably remember, at that time, Margaret Thatcher had sent
295 to the European Commission one of her best friends, Lord Cockfield. Everybody was convinced
296 that she had sent him in fact if not to block, at least to keep the Commission and the European
297 Community in check. Interestingly, Delors gave him the Internal Market portfolio and the one

298 who people thought was going to play the role of Mr. No became the best promotor of the single
299 market. We might never have had the single market, and probably what has come afterwards,
300 like the single currency, if at that time we had not had Maggie Thatcher's nominee. There you
301 see again how history is made. I have always thought that people don't make history, history
302 uses people. I have seen this over and over: when the right person is in the right place at the right
303 moment and there is a very strong idea that pushes him forward. That is what happened with the
304 internal market. Delors accepted very easily that a Brit promoted the single market, because it
305 would help him in his difficult relationship with Thatcher. Cockfield loved doing the single
306 market: he did it as a free trader, because the single market was about free trade, free markets,
307 open markets, and there Delors could use this so-called anti-European as one of the big
308 promoters of Europe. And it all came together at the European summit in Milan in 1985, thanks
309 to the-then Foreign Minister of Italy, Giulio Andreotti, who was smart enough to find a way to
310 have the single market project approved by simple majority: it was sent to a conference that then
311 would decide by simple majority. And then Cockfield, having negotiated the single market and
312 having sold it to Maggie Thatcher as his big achievement as a free trade, free market
313 commissioner in Brussels, had Maggie Thatcher approve a project, which was the basis for the
314 further integration of Europe, which, ironically, she did not want.

315 **Plank-Brumback:** Yes. Spain and Portugal then were joining the Community in January 1986.

316 **Paemen:** Greece had already joined earlier.

317 **Plank-Brumback:** Were you involved in the—

318 **Paemen:** Well, I was involved in the sense that this happened under Delors's presidency and I
319 was present at all the meetings of the Council of Ministers. And to Delors, it was very important,

320 because it gave him a very good feeling to achieve a balance between the South of Europe, the
321 so-called Club Méditerranée, and the North.

322 **Plank-Brumback:** Did you see a change in sort of even the ambiance in the Commission with—

323 **Paemen:** No, because we had very good Spanish commissioners. We had Manuel Marín,² who
324 was a Socialist, a good friend of Delors, basically on the same line, and the other—because
325 Spain had two commissioners—was Abel Matutes. Spain benefitted a lot from its membership.
326 Even before it became a member, the fact that everybody knew that negotiations were taking
327 place brought on an enormous amount of investment, American investment in the first instance.
328 Then there was the political motivation: the fact that Spain's entry would help democracy to be
329 consolidated after Franco. Delors was very involved and spent a lot of time on this because,
330 especially where agriculture and fishery were concerned, the interests of France and Spain were
331 quite conflictual, but he was very motivated to make the necessary concessions to Spain in order
332 to get them in.

333 **Plank-Brumback:** Were you involved in the negotiations leading up to and the conclusion of
334 the Punta del Este ministerial?

335 **Paemen:** No. I was spokesman when it started. So, I had to follow it from Brussels and explain it
336 to the press. I remember very well that the European Commission and the European Union were
337 very skeptical about it. They were not at all in favor of having another round: they thought that
338 this would be the revenge of the Americans on agriculture and it was somewhat presented as

² Manuel Marín González.

339 such by Clayton Yeutter and his people as the right thing to do this time. So we were very
340 defensive about having another round.

341 **Plank-Brumback:** You write in your book, *From the GATT to the WTO: the European*
342 *Community in the Uruguay Round* that here the Community approved the launch of the Uruguay
343 Round but it failed to adopt its own negotiating directive. You had the overall approach, which
344 you characterized as more a statement of views.³

345 **Paemen:** That was the best thing that ever happened to me, namely that I had no instructions.
346 Amazingly, the European Union went into that negotiation without a position. Even the
347 document that was called in French “*Conception d’ensemble*” (Overall Approach) did not
348 contain instructions. It was only a statement of general objectives, not considered to be
349 instructions for the negotiators, and even that document had never been formally approved. So
350 we were in the best of all worlds or you could say the worst of all worlds, because we had no
351 instructions, which meant that we could try everything we wanted, again on condition that we
352 could convince the member states that it was good for them to do it that way. That was the
353 Commission at its best, because we had no limits in what we could propose and it all depended
354 only on our power to convince people.

355 **Plank-Brumback:** Was that because of the position of agriculture, I mean, where you ...
356 extraordinarily defensive that prevented you from seeing—

357 **Paemen:** They were so skeptical and so defensive that they didn’t even want to go into the
358 exercise of thinking through what they wanted to obtain. Yes, the origin was the reluctance, the

³ Paemen and Bensch, *From the GATT to the WTO*, 96.

359 defensive attitude vis-à-vis whatever new negotiations, but it helped us formidably. Only at the
360 end did we get more precise instructions for agriculture, but that was when we came here for the
361 Blair House agreement. Then of course the Council of Agriculture became much more vigilant.

362 **Plank-Brumback:** We'll get to Blair House, but so you move then from spokesman for Delors
363 to Deputy Director-General for External Relations in 1987 and you stayed there until 1995. So in
364 many respects, you know, it seems that you re-encounter many of the thematic issues that you
365 have been dealing with from not only your initial time with Davignon but even before.

366 **Paemen:** Because of Davignon being also somewhat in charge of external relations, at least the
367 external relations of the industry, I had been in contact with a lot of American, Japanese and
368 other international negotiators.

369 **Plank-Brumback:** What were your specific responsibilities then?

370 **Paemen:** Well, at that time there was no Commissioner for Trade, there was only a
371 Commissioner for External Relations. There was no equivalent of the USTR on the European
372 side. Another element was that at that time we were involved in the negotiations for another
373 enlargement of the European Union toward Eastern Europe, so the Commissioner for External
374 Relations, who at that time was De Clercq.

375 **Plank-Brumback:** We have you served under Commissioner Willy De Clercq from 1985 to
376 1988.

377 **Paemen:** Yes, well, that was that period. De Clercq was very much involved in the enlargement
378 negotiations, because at that time there was no Commissioner for Enlargement either, which
379 meant that I had the trade area a little bit to myself. In the meantime, our attitude vis-à-vis these

380 negotiations developed from pretty skeptical to somewhat more active, also because we became
381 aware of the fact that there was something to gain from the multilateral trade negotiation.

382 **Plank-Brumback:** How was the coordination with the Community delegation in Geneva?

383 **Paemen:** Very good. We had at that time a very colorful Frenchman of Vietnamese origin as
384 Head of our Delegation, Trần Văn Thinh. He was very competent and the relationship was very
385 good. He had established his authority in Geneva and had very good relations with the
386 developing countries.

387 **Plank-Brumback:** That's very important, isn't it, to have a seamless relationship?

388 **Paemen:** Absolutely.

389 **Plank-Brumback:** So how were the Americans?

390 **Paemen:** With the Americans it didn't always work that well, but still I remember he had very
391 good relations with Ambassador Mike Samuels and the others that were there at the time. Later
392 Rufus Yerxa became US ambassador.

393 **Plank-Brumback:** In July 1987 you have the US agriculture proposal that is tabled to
394 completely phase out all agricultural subsidies and export subsidies and import barriers in ten
395 years. I mean, how was this viewed by Brussels, with a great deal of skepticism? You write that
396 the, well, the Community had its own proposal then to freeze support at 1984 levels because that
397 is what the Council had done in the crisis that those products that were in surplus and you
398 mentioned that this sort of—that this position left the EC in “splendid isolation.” And you also
399 implied that really the purpose of the United States agricultural proposal was really a ruse, it was

400 to distract from the US proposal made at the same time on tariffs where they were far more
401 defensive because of the tariff peaks and especially in the textiles area. In a sense you know, I
402 get the flavor from your book too that the EC at least certainly before and for a very long time
403 was not necessarily playing catch up but was always reacting.

404 **Paemen:** Surely. We were purely defensive in the beginning, and it was very frustrating, for me
405 also. The Directorate-General for Agriculture, DG VI at that time, was a kind of state in the state
406 and liked to be isolated. So, they were very happy with that situation.

407 **Plank-Brumback:** Sometimes the same phenomenon exists in Washington.

408 **Paemen:** They thought that the best way to defend their position was to isolate themselves and to
409 do nothing. And I had the feeling that they couldn't continue doing this, that even if they were
410 right on the substance, it was not the right way to be right.

411 **Plank-Brumback:** And of course there were always these action-forcing events, too, as you
412 mentioned the enlargement and if you track the history of the major rounds in the GATT, they
413 always coincide with an EC enlargement with Article XXIV:6 negotiations, particularly with the
414 US, lots of pending issues there, compensation and—

415 **Paemen:** Well, we wanted to show that we were not “Fortress Europe,” but that, after having
416 enlarged, we also want to be involved in the rest of the world.

417 **Plank-Brumback:** So what are your recollections of the midterm review in Montreal in
418 December 1988?

419 **Paemen:** It was a big failure because at that time it was totally concentrated on agriculture.

420 The European Union was totally negative, and the agricultural side was very happy with the
421 failure of the midterm review, as they would be happy two years later with the failure of
422 Brussels.

423 **Plank-Brumback:** Were they happier in Brussels or in Montreal?

424 **Paemen:** Well, it was more dramatic in Brussels than in Montreal. Montreal happened after two
425 years: it was a midterm review, it was not that painful.

426 **Plank-Brumback:** Do you think it should not have taken place?

427 **Paemen:** What?

428 **Plank-Brumback:** The midterm review.

429 **Paemen:** We can discuss a little bit later whether it is good to have many ministerial meetings
430 during multilateral trade negotiations. I'm not a great fan of too many ministerial meetings. I
431 think one of the reasons why, presently, Doha is not working, is that we have too many
432 ministerial meetings. This being said, having a midterm review was perhaps not a bad idea. But
433 remember also, at that time, there were changes, or pending changes, in the American
434 administration. Two or three weeks after Montreal, the Secretary of Agriculture was replaced:
435 Clayton Yeutter became Secretary, and another USTR was appointed, Carla Hills.

436 **Plank-Brumback:** Yes. How was that perceived in Brussels?

437 **Paemen:** Well, I cannot speak for Brussels as such.

438 **Plank-Brumback:** But did Willy de Clercq have a good relationship with Clayton Yeutter?

439 **Paemen:** Yes, I think so. Willy de Clercq was the kind of person who had good relations with
440 everybody. He was a politician and he was a free-trader.

441 **Plank-Brumback:** So he had your back.

442 **Paemen:** In Belgian politics he was more center right, which means he was for free trade.
443 Therefore, he was probably not very happy with the agricultural position he had to defend.

444 **Plank-Brumback:** And then he was succeeded by Frans Andriessen.

445 **Paemen:** And then Andriessen, who had been our Commissioner for Agriculture became
446 Commissioner for External Relations, not only for Trade. And we still had not solved the
447 enlargement to Eastern Europe. I was very happy with both Commissioners and also afterwards
448 with Leon Brittan, who succeeded them.

449 **Plank-Brumback:** Three out of three. How did the three differ in negotiating style? Of course
450 their interlocutors were different, with de Clercq it was Clayton Yeutter, with Andriessen Carla
451 Hills, and with Brittan it was Mickey Kantor.

452 **Paemen:** De Clercq and Andriessen were not that different. Let's say that Andriessen, having
453 been Commissioner for Agriculture before, was perhaps a little bit more versed in the
454 technicalities of the dossiers and more particularly the agricultural dossiers.

455 **Plank-Brumback:** Was that his strength?

456 **Paemen:** Well, that was his strength because the other side realized that they couldn't come up
457 with general political arguments. That was certainly an advantage we had with Andriessen. Willy
458 De Clercq was not a person for technical discussions. He preferred the broad political argument.

459 Leon Brittan was completely different. He was a politician, but not a real, I would say. party
460 politician. He was an intellectual, technocratically well versed. He was a lawyer. He liked the
461 arguments and negotiating texts. He came in late, and a bit frustrated that the Uruguay Round
462 was not exactly his baby. But I must say each of them, at their moment in time, were in fact very
463 good commissioners to have. To have Leon Brittan at the end of the negotiations was very
464 helpful.

465 **Plank-Brumback:** To seal the deal.

466 **Paemen:** Oh yes.

467 **Plank-Brumback:** So any recollections of particularly striking moments in the so-called final
468 ministerial in Brussels in December 1990?

469 **Paemen:** Well, it was very painful because—

470 **Plank-Brumback:** It was in Brussels.

471 **Paemen:** It had been built up as the moment when finally everybody would become reasonable
472 and compromise.

473 **Plank-Brumback:** When was it apparent to you that it wasn't?

474 **Paemen:** To us it was pretty soon apparent. Beginning of December, MacSharry, Commissioner
475 for Agriculture, had presented a plan for agricultural reform. At that time, the MacSharry plan
476 was only a Commission position. He hadn't sold that to the member states yet. So we soon
477 realized that it was impossible for us to already use the potential of the MacSharry plan in the
478 international negotiations one week later.

479 **Plank-Brumback:** Because it was not a done deal.

480 **Paemen:** We always hoped that at the last minute there would be something that would make it
481 work, but I remember that we started the meeting with the conviction that it would be very
482 difficult.

483 **Plank-Brumback:** And of course the CAP reform was still almost two years off.

484 **Paemen:** I think that, if it had only been for Andriessen, he would have taken the risk to
485 anticipate in the negotiations on what MacSharry potentially could have delivered in terms of
486 concessions internationally, but MacSharry didn't want to do that.

487 **Plank-Brumback:** How about with Delors?

488 **Paemen:** Well, Delors is another story. Apparently he was behind the strict position of
489 MacSharry and against making concessions, and that is plausible.

490 **Plank-Brumback:** Any other thoughts on the Brussels ministerial?

491 **Paemen:** No, I know that there was a sense of victory on the American side. I can still hear, as
492 we were in rooms which were next to each other, Carla Hills make her speech to the American
493 delegation and the press, and that it was rather triumphant.

494 **Plank-Brumback:** To walk out?

495 **Paemen:** Yes. I know that our agricultural people were also triumphant. So the only sad people
496 in the room were we. We were somewhat depressed, but it was not totally unexpected.

497 **Plank-Brumback:** It was only one battle.

498 **Paemen:** It was not a total surprise.

499 **Plank-Brumback:** So how often were you coming to Geneva then during this time?

500 **Paemen:** Oh, it was nearly as if I lived in Geneva.

501 **Plank-Brumback:** Especially as it got closer to the end. You have GATT Director-General

502 Arthur Dunkel issuing the so called Dunkel Text, the final act of the Montreal trade negotiations

503 in December 1991. Was that helpful at that time, was that the right moment?

504 **Paemen:** Sure. Well, it's always questionable whether something comes at the right moment.

505 But before that, there had been a paper by the Dutch Minister of Agriculture.

506 **Plank-Brumback:** Aart De Zeeuw.

507 **Paemen:** Aart De Zeeuw's paper, which had been helpful and which he had made at Dunkel's

508 request.

509 **Plank-Brumback:** Well of course there were always ideas on how you could deal with *la*

510 *specificité de l'agriculture*, even from the Consultative Group of 18.

511 **Paemen:** But it was a paper which went very far in terms of what the Europeans should make as

512 concessions. So it was very negatively received by the European Commission, especially by the

513 DG VI and officially we were absolutely opposed. I had to be very negative about the De Zeeuw

514 paper. But the fact that it came from a representative of one of the member states made that,

515 some people started thinking that there might be something in what De Zeeuw proposed. So it

516 was useful in terms of the changing of minds in certain parts of Europe.

517 **Plank-Brumback:** There seems to be a common theme here. You have a UK Commissioner that
518 is on the vanguard for a single market; you have a former Dutch Agriculture Minister submitting
519 a paper on radical ideas on liberalization that gives people pause.

520 **Paemen:** Yes, these are the kind of personal initiatives which very often are decisive. But
521 coming back to your question about Dunkel, I think Dunkel was the right person to have at that
522 moment and in that circumstance. He had been a professional diplomat in the Swiss Ministry of
523 Foreign Affairs. He was a bit of a technocrat, he knew the technicalities of international trade,
524 and, at the same time, had managed to have good relations with many developing countries. I
525 appreciated him very much, but also had difficult discussions with him at certain moments,
526 partly because of his ambivalent relationship with the European Union. Basically he was very
527 much in favor of it and of Switzerland becoming a member of the European Union. But as a
528 diplomat and a free-trader and responsible for the GATT, he sometimes made life very difficult
529 for us, as I know he also did for the Americans. So he had managed to have a very good
530 relationship with nearly all at the same time, a good, but not too good relationship with all the
531 participants and—very important at that moment—knew how to deal with ambassadors, and
532 particularly the ambassadors in Geneva who are all—

533 **Plank-Brumback:** A special breed.

534 **Paemen:** A special kind of people.

535 **Plank-Brumback:** It's from the water of Lac Léman.

536 **Paemen:** With a somewhat developed ego; they want to be listened to.

537 **Plank-Brumback:** They have a lot of occasion to speak.

538 **Paemen:** They talk a lot, a “general agreement to talk and talk,” and Dunkel knew how to
539 manage this. At the same time he knew how to work informally with people. The number of
540 informal dinners I have gone to at Dunkel’s house, his private house, are innumerable and he
541 always had more or less the same crowd, but sometimes brought in people who were not there
542 the previous time. And nobody took offense, but of course he had this problem with the Green
543 Room, which everybody wanted to be a member of, and he wanted to maintain the illusion that
544 there was no Green Room, that the Green Room didn’t exist. I always remember that one day in
545 a plenary meeting of what was called the G-17 or—

546 **Plank-Brumback:** Consultative Group of 18, which had really been the idea of his predecessor
547 Olivier Long and once again you run, the idea was to limit it to eighteen but sometimes it was
548 twenty-two or twenty-five and there were second seatings.

549 **Paemen:** I mentioned the Green Room and Dunkel was furious, and immediately after the
550 meeting he came to me. So, I never mentioned the Green Room again. But he knew how to
551 manipulate the local ambassadors. He sometimes brought in the so-called chief negotiators from
552 the capitals and all this was done in a pretty peaceful way, apart from some incidents here and
553 there.

554 **Plank-Brumback:** Of course he did not want to be the only Director-General that did not have a
555 round completed on his watch, and there were lots of vicissitudes during his tenure on what the
556 Secretariat’s role would be especially on services when they were cut off from real consultations,
557 so it was a very difficult time to manage. What would you say overall was the role of the
558 Secretariat in the negotiations? How would you characterize it?

559 **Paemen:** I do not have the feeling that they were very instrumental on the substance, apart from
560 preparing papers about the different aspects of the negotiation. But at the moments I came in,
561 which was mostly when things didn't work very well, I cannot say that I had strong support from
562 the Secretariat. And I think this is probably something they should correct. Intellectually they
563 were not very well equipped, I guess, in terms of negotiating, apart from the Director-General
564 himself, who certainly played an important role together with his chief of staff, Mr. Hussein.

565 **Plank-Brumback:** Oh, Arif Hussein.

566 **Paemen:** It does not mean that technically they didn't do the job they were supposed to do. My
567 feeling is that I only came in on issues when they became political. For instance, you remember
568 the role of the Quad—

569 **Plank-Brumback:** United States, the EC, Japan, and Canada.

570 **Paemen:** Yes, which Dunkel didn't like too much, but wanted to use when it was convenient for
571 him. So, he was ambivalent about the role of the Quad. We had a lot of meetings, much more
572 than people have ever known, very informal and that is where—

573 **Plank-Brumback:** Quad meetings.

574 **Paemen:** —for instance Trần Văn Thinh, my ambassador there, was very instrumental. Thanks
575 to his good relations with his American, Canadian, and Japanese counterparts, we had a lot of
576 Quad lunches and dinners outside of Geneva. I cannot remember that ever the thought came up
577 that perhaps we should have someone from the Secretariat with us—never. It's not that they
578 didn't do the job they were asked to do. It was not, at that time, considered to be their role.

579 **Plank-Brumback:** Of course have you considered perhaps you might have read papers and
580 proposals drafted by the Secretariat; they just didn't have that imprimatur that they were from the
581 Secretariat. They might have been from chairs or from—

582 **Paemen:** We knew what they produced in terms of papers because that was our basic material.
583 In the negotiations, I imagine that some chairmen like Julio Lacarte had their person in the
584 Secretariat whom they could rely on. Probably they worked more for the chairmen of the groups,
585 because that institutionally was their role. I think that in the future they could be very useful, and
586 I am very much in favor of developing the role of the Secretariat in the negotiations.

587 **Plank-Brumback:** Were you involved in the Blair House Accord?

588 **Paemen:** Yes, I was there.

589 **Plank-Brumback:** Ah. So that dealt mainly with the issues of oilseed subsidies in the
590 Community, which had been left over from the Spanish enlargement and also the soybean panel.
591 It was also interesting, too, the very various tracks that were being followed on dispute
592 settlement, and how did you perceive some of these panel reports that were coming out that were
593 not always favorable to the Community, and of course you had a series of reports that were not
594 adopted.

595 **Paemen:** Yes.

596 **Plank-Brumback:** Was that in a sense a negotiating tool sometimes working in your favor?

597 **Paemen:** It was in the back of our minds, and we used it when it was useful and we tried to
598 neglect it when it was not, but the Blair House Agreement was the product of a political

599 negotiation, and clearly from a certain moment, Carla Hills and Frans Andriessen played a major
600 role. When we finally thought we had an agreement, Andriessen asked, “What does Ed Madigan
601 think of this?”

602 Carla Hills looked around for her Secretary of Agriculture, and then there was a long moment of
603 silence before she said, “Well, perhaps we better bring him in.” It took some time before Joe
604 O’Mara found his Secretary, [who] was on the third floor, on the telephone. He was probably
605 trying to find out whether he would be backed by the White House or the agricultural
606 constituency. When he rejoined the meeting, he agreed to sign.

607 **Plank-Brumback:** So that was the final moment when the deal was sealed. And that included—

608 **Paemen:** It was Friday evening and when Carla Hills left, Andriessen wanted to be sure that she
609 would be supported by the White House. He was very anxious to have the approval before the
610 end of the week so that constituencies like the Farm Bureau could not intervene. He wanted
611 Carla Hills to go straight to the White House and consolidate the deal, which of course she could
612 not do on a Friday evening. But on Saturday afternoon she called Andriessen in Brussels to say
613 that it was okay with the White House.

614 **Plank-Brumback:** And then President George Herbert Walker Bush is not re-elected and you
615 have a new Democratic administration.

616 **Paemen:** Yes, and we also have a new Commission in Brussels.

617 **Plank-Brumback:** And a new Commission as well still headed by Jacques Delors but then
618 Andriessen is succeeded by Brittan and a new USTR, Mickey Kantor, who had played a role in
619 Clinton’s campaign. Lots of changes.

620 **Paemen:** I remember the first informal meeting Brittan had with Kantor here in Georgetown: we
621 had dinner together, the three of us.

622 **Plank-Brumback:** Did it go well?

623 **Paemen:** It went very well, because they discovered that their families originated from Central
624 Europe and, as they were both politicians, they had a lot to talk about. and that went quite well. I
625 think we had this dinner somewhere in November.

626 **Plank-Brumback:** Of '93? You have the Tokyo Summit in July.

627 **Paemen:** Oh, that's later. They take over in January '93, so it was end of '92 that we had this
628 dinner. Mickey Kantor was not yet in place and Carla Hills was still there. We had a secret
629 meeting, at the beginning of December, in a hotel in the London airport with Carla Hills, Joe
630 O'Mara, and Julius Katz and, on our side, Leon Brittan, Guy Legras, our Director-General for
631 Agriculture and me.

632 **Plank-Brumback:** All the key people.

633 **Paemen:** The interesting thing was that Leon Brittan was very eager to still have a deal with
634 Carla Hills, while Carla Hills, of course, knew very well that she was on her way out. In a
635 personal conversation with Carla Hills, he told her that, as a conservative politician, he would
636 very much like to make a deal with the Republican outgoing administration.

637 **Plank-Brumback:** A deal on the entire Uruguay Round?

638 **Paemen:** Quite amazing.

639 **Plank-Brumback:** Did that notion last long?

640 **Paemen:** No, of course not, and we didn't encourage him to do so. We told him that it was good
641 to try, but that he was not very likely to succeed. Afterwards, they got along very well, Mickey
642 Kantor and Leon Brittan. Mickey Kantor was not too much for technical details. Like Leon
643 Brittan, he was a lawyer and liked the arguments and liked the legal analysis of the issues.

644 **Plank-Brumback:** Lots of lawyers: Carla Hills, Mickey Kantor, Leon Brittan.

645 **Paemen:** Yes. Leon Brittan liked the part he could play at the end of the Uruguay Round, but at
646 the same time didn't consider it to be his baby. And that is somewhat at the origin of the Doha
647 Round. I know that President Clinton at the time of the ministerial meeting in Seattle, wanted to
648 start a new round. But happily, some people discouraged him, thinking it too soon. Leon Brittan
649 had somewhat a similar idea and he, I would say unhappily, convinced the Europeans,
650 particularly the Council of Ministers, that this would be good for Europe. In the meantime,
651 Clinton had learned his lesson and the American establishment was not at all in favor, and wisely
652 so, of starting a new round.

653 **Plank-Brumback:** An issue of ownership.

654 **Paemen:** A little bit of that. So, Brittan launched the idea of a Millennium Round.

655 **Plank-Brumback:** Then we had Seattle and then—

656 **Paemen:** The ministerial meeting in Seattle didn't go very well. There was a new Commission in
657 Brussels. For the first time there was then a Commissioner for External Relations, Chris Patten,
658 and a special Commissioner for Trade, who was Pascal Lamy. Brittan hadn't given up his idea of
659 a new round as soon as possible, and would have loved to be part of it. I think that is one reason
660 why the Doha Round hasn't gone very well is that it came too early, hadn't been thought

661 through. The results of the Uruguay Round hadn't been implemented yet because a lot of
662 decisions were spread out, for instance, the integration of textiles over ten years; similarly
663 intellectual property and agriculture. And it was not a very good idea to immediately start new
664 negotiations when the decisions of the previous round had not been put into practice yet.

665 **Plank-Brumback:** But the *raison d'être* of negotiators is to negotiate.

666 **Paemen:** Yes, and there was this idea that it was good to take the initiative this time. Pascal
667 Lamy became Commissioner with a position already taken by the Council of Ministers, that
668 Europe had to be in favor of a new round. Probably, if he had had the time and if people had
669 been able to explain to him what had happened and where we were and what had to be done, etc.
670 and what a new round entailed, he wouldn't have pushed for it. But it was there, it was his
671 mandate. When he made a tour of the world, he realized that nobody was in favor of a new round
672 but, under certain conditions, the developing countries—

673 **Plank-Brumback:** For which he had to sacrifice the Singapore issues.

674 **Paemen:** —to which he had to make all kinds of promises. In order to keep them on board he
675 had to give up the Singapore issues. That was a very dramatic development which has been
676 pretty unfortunate.

677 **Plank-Brumback:** Let's go back to the G-7 Tokyo Summit in July 1993, which announces
678 significant progress in negotiations on market access, in goods and services, renews the
679 determination by the G-7 to resolve remaining important issues, to achieve global and balanced
680 agreement, and they recognized that there were other countries to be consulted and, of course,
681 there was a Quad meeting at the same time.

682 **Paemen:** The big issue was what they now call NAMA [non-agricultural market access], the
683 tariff reduction, and that was something—

684 **Plank-Brumback:** For industrial tariffs, non-agricultural market access.

685 **Paemen:** That was the breakthrough of Tokyo, and it was something we had worked out in the
686 plane flying to Tokyo.

687 **Plank-Brumback:** First class?

688 **Paemen:** I don't think so. I don't remember.

689 **Plank-Brumback:** On a napkin?

690 **Paemen:** Not on a napkin, but we invented the reduction formula in the plane. Brittan was easily
691 convinced and he proposed it in the Quad context.

692 **Plank-Brumback:** You are talking of the formula—

693 **Paemen:** The different categories of products, the zero for zero and in the different categories.

694 **Plank-Brumback:** It was a long time coming.

695 **Paemen:** We had a lot of time on the plane and that helped.

696 **Plank-Brumback:** But you had run all the numbers already.

697 **Paemen:** Of course we had done the homework. And that made the Tokyo Summit into
698 somewhat of a success, but the success happened the day before when the Quad meeting
699 ministers met to do this tariff negotiation.

700 **Plank-Brumback:** By this time you had consensus in the Quad?

701 **Paemen:** Pretty much so.

702 **Plank-Brumback:** Those were the days, yes.

703 **Paemen:** Of course, no negotiations are the same so we shouldn't compare too much. But when I
704 try to see the similarities and differences between the situation in the Doha Round and the one in
705 the Uruguay Round: both were pretty much concentrated on agriculture, and repeatedly blocked
706 because of agriculture.

707 **Plank-Brumback:** And sometimes it went too far from the other issues and sometimes it lagged
708 behind.

709 **Paemen:** The two had a lot to do with developing countries. One sometimes gets the impression
710 that this is a new phenomenon. But, like my successors do now, I spent hours and hours with my
711 Indian and Brazilian colleagues. I think the main difference is that, while agriculture was
712 blocked, we did the non-agricultural issues. And the day that agricultural issues were solved—
713 essentially in the Blair House Agreement—we were there, we had the non-agricultural issues
714 more or less in the box. That is, I think, the main difference. In the Doha Round, everything
715 seems so much concentrated on agriculture while nothing else is happening, not even in NAMA.

716 **Plank-Brumback:** At least you were ready to go once.

717 **Paemen:** And things were organized in such a way that we could do so, because as I said, we
718 had an enormous amount of meetings with the Quad and all kinds of other informal meetings.
719 For instance, Julio Lacarte quite regularly invited a small group of chief negotiators to his

720 residence. A lot of things were happening while our agricultural colleagues were shouting at
721 each other or doing nothing. And I am somewhat surprised why the same is not happening now.

722 **Plank-Brumback:** The idea of establishing a more permanent entity, a multilateral trade
723 organization or world trade organization, that came fairly late in the process.

724 **Paemen:** We always had the idea that we had to do something under the heading “Functioning
725 of the GATT.” There was a working group on this subject, which in fact led to the creation of the
726 WTO [World Trade Organization]. We wouldn’t call the group otherwise, because we knew that,
727 initially, the Americans were not in favor of any substantial institutional innovation.

728 **Plank-Brumback:** That was perhaps one of the last things that they finally signed off on.

729 **Paemen:** Yes, and still because we finally accepted to call it the WTO. As you know, we were in
730 favor of an organization from pretty early in the game, but we wanted to call it MTO,
731 Multilateral Trade Organization. And we had to give in on that, but why not? One of the reasons
732 we first objected was that there was already a WTO, the World Tourist Organization.

733 **Plank-Brumback:** But the acronym is different in French: OMT v. OMC.

734 **Paemen:** Yes. Now, despite its existence, they do the negotiations as if there was no WTO. They
735 do negotiations as if it was still the GATT. The genius of Dunkel, I think, was probably that he
736 was very good at manipulating the kind of nonexistent organization the GATT was.

737 **Plank-Brumback:** Tell us about, well, of course he’s not around for the conclusion, you have
738 Peter Sutherland succeeding him. Can you tell us a bit, describe a little bit more about the final
739 resolution of everything, December 15. So you have the conclusion of the negotiations on market

740 access for goods and services, but of course later on there are a lot of final touches that have to
741 be put in place, and, in fact, certain aspects of the negotiations in financial services,
742 telecommunications drag on.

743 **Paemen:** Oh yes.

744 **Plank-Brumback:** So what was at play, take us back: you have the Quad, the successful Tokyo
745 Summit, which is in July, what happens between July—

746 **Paemen:** Well, then Peter Sutherland comes in and, happily, he is a very effective operator and
747 prepares everything in such a way that when the parties are in the room, they have only to say
748 yes or no. And that is what happened. Of course there were a lot of small things. The very final
749 day when he said it's over, I still had to arrange orange juice problems with the Brazilians.

750 **Plank-Brumback:** How fitting over breakfast.

751 **Paemen:** No, no, without breakfast.

752 **Plank-Brumback:** And without orange juice.

753 **Paemen:** We didn't have time to have breakfast, and I'm sure that other people had other
754 problems. In the last days, of course, the Americans very successfully maneuvered against the
755 anti-dumping proposals, which they totally devoided of any improvement, an operation very
756 cleverly conducted by Rufus Yerxa, I must admit, and Peter Sutherland gave in on that.

757 **Plank-Brumback:** What aspect were you referring to, the scope of review or—

758 **Paemen:** Yes, the paper that had come out of the negotiations group on anti-dumping made
759 progress in the sense of introducing more transparency and discipline. Rufus managed to put it
760 aside.

761 **Plank-Brumback:** He knew his constituency.

762 **Paemen:** There was enormous pressure from Washington. Peter Sutherland in the beginning said
763 that he would not give in, but finally had to agree, because the Americans could have blocked the
764 final outcome.

765 **Plank-Brumback:** That is what you would have referred to or have referred to as the acceptable
766 minimum,⁴ the break point.

767 **Paemen:** Absolutely. And probably there were other things like that, but for us it was that and it
768 was good that Peter Sutherland was there because he had the great advantage of not having been
769 involved in the day-to-day negotiations. So, he saw the big picture and he realized you don't
770 block a whole package because of this or that relatively small part of it.

771 **Plank-Brumback:** Were you involved in the negotiation leading to his appointment?

772 **Paemen:** Oh yes, but I'm not going to talk about that. It was not evident, even from his own
773 point of view. I also was involved in the appointments of some of his successors, mainly of
774 Renato Ruggiero.

775 **Plank-Brumback:** So it was evident though that there were certain areas, financial services
776 basically—

⁴ Paemen and Bensch, *From the GATT to the WTO*, 110.

777 **Paemen:** Financial services was very interesting. We had always said that services were one of
778 the big potential gains of the Uruguay Round and that is how we in Europe had—

779 **PB:** Had told your own businesses.

780 **Paemen:** Yes, and it was one of the arguments we used to turn the European Union in favor of
781 the round. As I said in the beginning, the sector was very defensive, very opposed to a new
782 round. We could demonstrate that there was something to gain from this round in services. But it
783 was not an easy thing to do, because it's very complex sector. We discovered this, I must admit,
784 later, a little bit as was the case with intellectual property. We had no experts in intellectual
785 property, we had to create them from one day to another. We had two experts, but they were
786 working in the WIPO [World Intellectual Property Organization] and they worked at another
787 rhythm than us in the WTO. On services you had very divided and different constituencies.
788 Financial services is a different world from transportation and they have their own agreements,
789 they also have their own national statutes. In the United States insurance is state regulated, banks
790 are federally regulated and so you have different statutes, ... and this type of situation you have
791 in all our countries. It appeared to be much more difficult than we had thought in the beginning,
792 but we came to the conclusion that a services agreement not including financial services didn't
793 make sense, because financial services are part of all other services. So we came to the
794 conclusion that we would not have a services agreement without one on financial services. The
795 financial services people were nearly all opposed to having financial services dealt with in the
796 GATT. Even within the European Commission, the relevant services were opposed. So, our first
797 job was to convince our own officials. Happily at that time the Commissioner responsible for
798 financial services was Mario Monti, and he was much more open to it. I have to admit that, as
799 soon as the officials understood that it was not bad to have financial services included in the

800 negotiations, they became very loyal and very helpful, so I was very happy. Here in the US,
801 Larry Summers, who at that time was Under Secretary of the Treasury, was also opposed. Tim
802 Geithner was also working for Rubin here. So we had to tell them that there was a need for
803 financial services, otherwise there would be no services agreement, and if there was for us no
804 services agreement, there would be no Uruguay Round. So I had long discussions with him and
805 with Tim Geithner.

806 **Plank-Brumback:** And you convinced them.

807 **Paemen:** We convinced them up to a certain point. For a whole year, all participants were in
808 agreement on the financial services text with one exception, the United States. Afterwards they
809 came on board.

810 **Plank-Brumback:** And this was before the banking crisis.

811 **Paemen:** Oh yes.

812 **Plank-Brumback:** Were you involved in the legal scrub of the text, the legal scrub?

813 **Paemen:** No, there were legal services at the Commission which were in charge of this. Of
814 course we were kept informed.

815 **Plank-Brumback:** And there were some problems with the schedules, too; they were
816 extraordinarily complex.

817 **Paemen:** Very complicated. But where I was involved was in the issue that went before the
818 Court of Justice.

819 **PB:** That came as a surprise, this referring to the ruling of the European Court of Justice.

820 **Paemen:** That was a very delicate matter.

821 **Plank-Brumback:** That's a little later though, November 15, 1994.

822 **Paemen:** Yes, but it had been with us immediately after the end of the Uruguay Round, because
823 due to the fact that we had no detailed negotiating directive, there was no issue of competence in
824 the European Union. The Commission was in charge of everything, services and intellectual
825 property included.

826 **Plank-Brumback:** They couldn't tell you that you weren't doing it right.

827 **Paemen:** Until all this had to be formalized. And then came the question of the competence and
828 particularly the issue of the division of competence between the Community and the member
829 states. And there was a kind of traditional interpretation that all international aspects of an area
830 that had already been "Communitarized" internally, automatically came under Community
831 competence. In the transportation sector, there was a decision by the Court of Justice that went in
832 that direction. But we had no complete Community regulation for services and intellectual
833 property for instance, so the member states went to the Court of Justice. The Court decided that
834 the same principle governing transportation also applied to the other sectors.

835 **Plank-Brumback:** Does the Court rule that the Commission had sole competence to conclude
836 the multilateral agreements on trade and goods but you had joint competence with the member
837 states to conclude the GATS [General Agreement on Trade in Services] and the TRIPS
838 [Agreement on Trade-Related Aspects of Intellectual Property Rights]?

839 **Paemen:** We were pretty disappointed by this decision of the Court.

840 **Plank-Brumback:** Was that where you thought it was heading as you are trying to conclude the
841 Uruguay Round?

842 **Paemen:** No, we had hoped that the Court would have gone much more in the direction of
843 greater integration, but as the European integration process continued, it would become less
844 important. There was some rationale for their position that if you don't have internally
845 harmonized regulation, it doesn't make sense to claim Community competence vis-à-vis the rest
846 of the world.

847 **Plank-Brumback:** And politically for things that turned out to be in effect such dramatic
848 changes at the rules of the game as in intellectual property and services, these new things you
849 really needed more directly to have political signing on of the member states. There were limits
850 to not having that overall approach.

851 **Paemen:** We were aware that we would not get Community competence for everything, but the
852 way in which it was formulated was in our view minimalistic.

853 **Plank-Brumback:** That's an interesting subtext in all the—you know, the Commission not only
854 negotiating with other negotiators from countries but also thinking about its own role in the
855 market.

856 **Paemen:** Well, it had worked so well because during the whole negotiation of the Uruguay
857 Round, as a Commission negotiator, I can't remember one single major conflict with a member
858 state.

859 **Plank-Brumback:** Pretty good track record.

860 **Paemen:** We had very delicate subjects to handle and some member states were only interested
861 in one subject, for instance, Portugal in textiles.

862 **Plank-Brumback:** Especially if you want to give something on textiles.

863 **Paemen:** But in the end, it worked very well.

864 **Plank-Brumback:** When was that clear that the liberalization on textiles would be, as they say,
865 back-loaded rather than front-loaded?

866 **Paemen:** I as a negotiator was not very happy with the final agreement, but it was politically the
867 only one we could get.

868 **Plank-Brumback:** So with the benefit of hindsight, is there any area, any agreement which you
869 would now—once again, with the benefit of hindsight—would have liked to have seen drafted
870 differently or that you would have amended or added, given the experience of how these things
871 have been implemented and played themselves out? Are there any provisions that you would
872 have liked to achieve? Or are you satisfied?

873 **Paemen:** It's never ideal. You can only judge this as a whole.

874 **Plank-Brumback:** The scope of review on anti-dumping.

875 **Paemen:** Yes, certainly on anti-dumping we can't be very proud of what we have done. There
876 are certainly other sectors like textiles where we did better. We haven't done very much on
877 liberalization of services either, although it is a major achievement that we have brought services
878 within the multilateral organization. Only bringing agriculture totally into the WTO was already
879 a big step.

880 **Plank-Brumback:** Article XI:2 (c) or XVI:3.

881 **Paemen:** Doing away with all the quantitative limitations in textiles was another achievement
882 when you see it in terms of where we came from and considering the short period of time. On
883 intellectual property, people would never have thought we could draw up a complete separate
884 agreement taking into account what was in the Punta del Este text on counterfeiting.

885 **Plank-Brumback:** And that was in the 1982 work program.

886 **Paemen:** Yes, and again you can probably find specific things which could have been done
887 better from a point of view of those who wanted to go further in the liberalization of trade. The
888 most disappointing development is the way in which the WTO has been implemented.

889 **Plank-Brumback:** You mean institutionally.

890 **Paemen:** Yes. There is today a WTO, but it functions as if it were still the GATT. And that has
891 to do, I think, with the fact that some member states don't want this to be a big organization,
892 which is in itself a good reflex. I'm not in favor of big United Nations-type organizations, but—

893 **Plank-Brumback:** How about European Commissions?

894 **Paemen:** But you have to have a minimum of organization capacity. The GATT had rounds
895 because that was the only way to get the people to come to Geneva. There was otherwise no
896 reason for people to go to Geneva.

897 **RBP:** And sometimes they didn't go to Geneva—Torquay, Annecy.

898 **Paemen:** So, it was the only way to get people together. Now we have an organization. There are
899 headquarters. Everything is in place but, up to a certain point, they still act as if all this was not

900 there. On the other hand, they should now start working in a much more decentralized way and
901 they should not, for instance, link intellectual property with agriculture. This goes somewhat
902 against what we defended in the Uruguay Round. We were the champions of the single
903 undertaking, but—

904 **Plank-Brumback:** Globality.

905 **Paemen:** And globality, which now has become a fact of life, but that does not make the
906 principle of the “single undertaking” the right way to deal with it.

907 **Plank-Brumback:** So the Europeans you think are pretty satisfied with the final outcome and, in
908 fact, some would argue that you got a pretty good deal even in agriculture.

909 **Paemen:** Some people, and I am one of them, would certainly have preferred to go further than
910 that and use the negotiations to reform the Common Agricultural Policy. But at the same time,
911 you have to realize what is politically possible, and this is true for Europe, but it’s also true for
912 the United States. If you see the successive farm bills since the end of the Uruguay Round, you
913 say, hey—

914 **Plank-Brumback:** Were you at the signing of the final act in Marrakesh? Anything that comes
915 to mind that—

916 **Paemen:** No, not particularly. In Marrakesh we did part of the procurement code, somewhat
917 enlarged the procurement code. Marrakesh was a formal gathering, a celebration. No, I have no
918 particular—

919 **Plank-Brumback:** No nostalgia.

920 **Paemen:** No, really not.

921 **Plank-Brumback:** Well, you were busy then I guess getting ready for your next spot in your
922 illustrious career: being appointed as head of the delegation of the European Commission.

923 **Paemen:** That's still another story.

924 **Plank-Brumback:** October 1995. How were you appointed and what were your expectations?

925 **Paemen:** Well, you know I had been appointed four years earlier.

926 **Plank-Brumback:** Four years before.

927 **Paemen:** I had been appointed head of the delegation of the Commission in Washington and was
928 that for two weeks when Frans Andriessen, who was at that time Commissioner for External
929 Relations, called me and asked me not to go, not in the middle of the Uruguay Round.

930 **Plank-Brumback:** This was 1991?

931 **Paemen:** He appointed Andreas van Agt, who was in Tokyo at that time. But then, when the
932 Uruguay Round was finished, he kept his promise and I could come to Washington.

933 **Plank-Brumback:** So then the gratification was postponed but was realized.

934 **Paemen:** That delay was finally good for me and for the Commission because the fact that van
935 Agt was a former prime minister of the Netherlands had elevated the job. Before, the head of the
936 delegation of the Commission was not considered to be the EU ambassador by the protocol in the
937 State Department and he did not present his *lettres de créance*.

938 **Plank-Brumback:** Letter of credentials.

939 **Paemen:** Credentials to the President but to the Secretary of State. In the meantime, the
940 European Union had also become more important, and they decided to elevate the position. I
941 have benefitted from that.

942 **Plank-Brumback:** What were your expectations with the post? I mean, shortly after your arrival
943 there is the signing in December 1995 of the new Transatlantic Agenda.

944 **Paemen:** Yes, I was involved in its preparation.

945 **Plank-Brumback:** That established—well, there were four pillars who shared goals promoting
946 peace and stability, democracy, and development around the world, responding to global
947 challenges, contributing to the expansion of world trade and closer economic relations, and
948 building bridges across the Atlantic.

949 **Paemen:** I was very much in favor of this, and on the American side, one of the strong
950 supporters was Stu Eizenstat, who at that time was ambassador to the European Union in
951 Brussels.

952 **Plank-Brumback:** Of course this is not a new idea even then.

953 **Paemen:** No, of course not.

954 **Plank-Brumback:** Kissinger with his partnership with Europe.

955 **Paemen:** All of this was not new, but the approach was a comprehensive one. In the same
956 framework it dealt with security and trade issues. An interesting innovation were the dialogues.
957 There were dialogues between non-governmental entities, between the European Parliament and
958 the Congress, between the consumer organizations in Europe and the United States, between the

959 environmentalists, etc. We thought, at that moment, that it was a good idea and that, if it was
960 well planned, it would certainly advance the cooperation between the United States and Europe.
961 It hasn't delivered what—

962 **Plank-Brumback:** I was going to ask whether it had fulfilled the expectations.

963 **Paemen:** No.

964 **Plank-Brumback:** Certainly in terms of establishing what was called a new transatlantic
965 marketplace.

966 **Paemen:** Not entirely.

967 **Plank-Brumback:** But there have been some discussions on harmonization.

968 **Paemen:** Yes, absolutely, and if I now say that it hasn't delivered what it promised, which is
969 certainly the case, certain things were achieved, however, some mutual recognition agreements,
970 for instance. I was very much in favor of mutual recognition agreements, which I still think is a
971 way to harmonize, because it's harmonization through the market. It's not harmonization through
972 bureaucracy or through regulation, but through the market. What is good for an American cannot
973 be bad for a European: that's the basic philosophy behind mutual recognition agreements. You
974 do it your way, we'll do it our way, but we recognize that our different ways can lead to the same
975 kind of solution we can live with. This worked in seven or eight of the twelve sectors we had
976 selected, but it was a somewhat painful exercise.

977 **Plank-Brumback:** The negotiation or the implementation?

978 **Paemen:** Well, even both.

979 **Plank-Brumback:** It was negotiating from Brussels—

980 **Paemen:** I was involved, I think, in Brussels and Washington. Negotiations were a problem, to a
981 large extent because of the statute of the agencies involved. I remember long discussions we had,
982 for instance, with the Food and Drug Administration where they said, “We cannot negotiate
983 away the authority we got by law. Our statute does not allow us to do what you would like us to
984 do unless Congress changes our statute and that is going to be a long process and we are not even
985 sure Congress wants to do this.” And that was true not only for the Food and Drug
986 Administration. I must say that we had the same kind of reactions from the member states in
987 Europe. So for one reason or another it hasn’t worked very well, also because of lack of political
988 support and diverging priorities.

989 **Plank-Brumback:** So you found a diversity of interlocutors between all the various agencies in
990 Washington, Congress, organizations. Was this something unexpected, as complicated and
991 Byzantine perhaps even more than Brussels, which you describe in your book⁵ that difficulties
992 within the Commission or among the member states, and that sometimes it was a lot easier
993 negotiating with third countries than within Europe?

994 **Paemen:** That was about trade negotiations. When you try to create a transatlantic marketplace,
995 which means harmonization, you run into enormous difficulties. And we thought that mutual
996 recognition agreements were the most pragmatic way to overcome this, because that is what we
997 have done in Europe. The mutual recognition agreement was a European invention. The single
998 market was partly based on a kind of mutual recognition agreement within the European market.

⁵ Paemen and Bensch, *From the GATT to the WTO*, 95.

999 **Plank-Brumback:** A bottoms-up approach rather than a top down.

1000 **Paemen:** You don't have to change necessarily, but you have to recognize each other's systems,
1001 because you get the same result or at least a result you can live with. And up to a certain point,
1002 the difficulties we have to go through in Europe because we have to harmonize between
1003 ourselves, make it somewhat easier when we have to work with third countries, because we have
1004 already gone through the exercise.

1005 **Plank-Brumback:** When you were talking, I had a flashback about chicken—chilled chicken—
1006 and the difference, but we won't go there. That's an example of how difficult it is to agree on
1007 that the results are the same even if you use a different method. Any comments on the, well, the
1008 resignation of the Santer Commission while you were here?

1009 **Paemen:** That was a dramatic moment, and it was a very weak Commission. It was not the
1010 highlight of our history.

1011 **Plank-Brumback:** Any comments on the significance of the introduction of the euro?

1012 **Paemen:** That was a logical development of the European integration, but one of the big
1013 moments of course, and for those of us who had been involved from the beginning, it was a
1014 natural next step. But again, afterwards you don't remember how difficult it was and how easily
1015 it could have failed. I remember how we were discussing what we thought would be the nearly
1016 insurmountable element, which was the German mark, the symbol for everything that had gone
1017 well in Germany since the Second World War. We thought the Germans would have the greatest
1018 difficulties to give that up and that we had to find a way around this. Today in Germany, in

1019 France, wherever, people are quite happy with the euro. We have a European Central Bank,
1020 which is well-managed. Iceland wants to be a member. as apparently does Norway.

1021 **Plank-Brumback:** Never the Swiss.

1022 **Paemen:** As I said, Arthur Dunkel would have liked Switzerland to be a member, but there you
1023 have this tension between the German and the French-speaking population. A lot of East
1024 European countries which are already members of the European Union want to adopt the euro. It
1025 is a success story and confirms that European integration was a good idea, because the euro is a
1026 symbol of integration. To have a common currency really means that you—

1027 **Plank-Brumback:** That you are a true union.

1028 **Paemen:** That you share your interests.

1029 **Plank-Brumback:** This was something that Davignon was also in favor of.

1030 **Paemen:** Yes, from the very beginning.

1031 **Plank-Brumback:** The continuity there across your different portfolios, European integration—

1032 **Paemen:** Yes, that was the basis and for Davignon and for me: that was what we were most
1033 interested in. It was important to solve the steel problem, it was also important to do textiles, but
1034 at each and every moment, on each and every issue the prominent question was: is this good for
1035 Europe? Following Monnet, we thought this was the important thing to do.

1036 **Plank-Brumback:** I was just going to ask you whether you had read his memoirs, Jean Monnet.

1037 **Paemen:** Of course. That was his genius: to create the institutions and the decision-making
1038 process in such a way that what has to prevail and what you must start from is: what's good for
1039 Europe? Not what's good for France, what's good for UK, what's good for Germany. You start
1040 by having a review study about what's good for Europe. That's why the Commission has the
1041 monopoly of making proposals and those proposals have to be based on exactly that principle.

1042 **Plank-Brumback:** Is it good for Europe to conclude the Doha Round now? I mean, there are
1043 even studies from the World Bank and others saying that, you know, really the issues you're
1044 dealing with—the old blueprint of the old order—you're dealing essentially with the structure
1045 that you were operating under in the Uruguay Round and there are so many other phenomena
1046 that need to be addressed.

1047 **Paemen:** The problem with the Doha Round is that it has been there for seven years. The best
1048 thing there is to find an immediate solution and then to start seriously doing multilateral trade
1049 negotiations, which have to be done in the WTO, not as if it was still the GATT, and taking into
1050 account that the situation has changed. Today trade doesn't play the same role as it played at the
1051 time we did the Uruguay Round. There was a time when you did business in your area and if you
1052 could develop your business, you started doing trade internationally, and you tried to enlarge
1053 your market. If it worked well in a country, you tried to find somebody who could distribute your
1054 stuff because you couldn't always send it. Then, as you progressed, you brought pieces together
1055 and you put elements of your products together—the assemblage—and if that really went well
1056 you created a production unit there where the market was. In other words, trade led to
1057 investment. Today it's the reverse: investment leads to trade. In other words, trade has a different
1058 role and has a different position and different dynamics in international economic relations. That

1059 is why we were so much in favor of having investment in the WTO and why we are so
1060 disappointed that it has not gone through.

1061 **Plank-Brumback:** You have TRIMs [Agreement on Trade-Related Investment Measures].

1062 **Paemen:** Yes, we still have TRIMs, but that was already in the Uruguay Round, but in the Doha
1063 Round, until Singapore—

1064 **Plank-Brumback:** And of course the multilateral agreement on investment within the OECD
1065 framework also crashed and burned.

1066 **Paemen:** Yes, but I was against this agreement in the OECD, because our problems were not
1067 with the members of the OECD. We had no investment problems with the Americans and the
1068 Americans didn't have many problems with investments in Europe. We have problems with
1069 Asia, with China, with Africa, so it was a bad concept that the problem to be solved was a
1070 problem between members of the OECD and then to try to impose the decisions on the rest of the
1071 world. They would never have accepted that. And I think the whole exercise was not very well
1072 prepared. The promoters hadn't done their homework, and it was a bad moment to do it, to say
1073 the least.

1074 **Plank-Brumback:** History hasn't found its person yet.

1075 **Paemen:** Probably not. But the role of trade has changed so much. The autonomy of trade policy
1076 is no longer there. Before, trade policy was something you could almost practice on its own. And
1077 also trade lawyers should look a little bit outside the box. Trade policy is part of the overall
1078 economic policy. And that should be reflected in the WTO.

1079 **Plank-Brumback:** And yet one wonders if it's even going to be reflected in today's G-20
1080 Summit in Pittsburgh.

1081 **Paemen:** These are crisis meetings, so much linked to the economic crisis and now probably also
1082 to the Denmark–Copenhagen meetings. The G-20 is a very good institution because it brings
1083 together the countries that really matter, which didn't happen before because the Monetary Fund
1084 hadn't done its job. Now happily the Monetary Fund has become more active, and apparently it
1085 works well between the G-20, the Monetary Fund, and the Financial Stability Forum, or the
1086 Financial Stability Board, as it's called now. They have managed the crisis relatively well, but
1087 the basic job—to establish the framework and the basis for the future—still has to be done. They
1088 only fenced openings here and there. I find the way in which, for instance, the Fed and the
1089 European Central Bank have worked together quite encouraging in that respect. If that can go on,
1090 then it's fine. Of course, Copenhagen is probably going to be a disappointment, but that's a
1091 question of—

1092 **Plank-Brumback:** It looks like we're going for cap and trade in this country.

1093 **Paemen:** Up to a certain point it's a strange concept that you have to create a market to sell the
1094 authorization to pollute. But it was a good, or potentially good idea that you—

1095 **Plank-Brumback:** Create an incentive.

1096 **Paemen:** Create something that is not a regulation, not a law, or an international agreement but
1097 some kind of mutual recognition, you harmonize through the market: you try to improve a
1098 situation or to educate people through the market forces. That's cap and trade. But when it's
1099 about pollution, you really wonder whether the market is the best way. So I'm somewhat

1100 ambivalent on this. If it's the only way to do it, fine with me, but I wonder whether it's the best
1101 way to do it. And I'm not an expert, so I don't want to judge.

1102 **Plank-Brumback:** In regulations too, the devil will be in the details.

1103 **Paemen:** Of course.

1104 **Plank-Brumback:** In your exit interview as EU Ambassador, you allegedly cited as your
1105 proudest accomplishment the founding of the Commission's European Centers program, which
1106 funds teaching, research, and outreach activities at universities across the US. Is that still the
1107 case?

1108 **Paemen:** Yes, with different results. Some are working well and others are not working that
1109 well. Like very often with this type of initiatives, you depend on the people in charge. And I see
1110 that where you have very motivated people who identify themselves with the cause, it works.
1111 Where that is not there or is no longer there, it does not. I visited all of them I think at a certain
1112 moment, and I was rather positively impressed. Harvard is a good example. The EU Center there
1113 was quite good at a certain moment. Today it's not very active. I'm also a little bit afraid that
1114 with the budgetary restrictions these days, this type of initiatives could well be the first to suffer.
1115 To a certain point I could understand that. It would be sad but—

1116 **Plank-Brumback:** I believe you teach, you're an adjunct professor?

1117 **Paemen:** For the moment I have no course anymore. I stopped about a year ago.

1118 **Plank-Brumback:** I was going to ask you, at least when you were teaching at my alma mater,
1119 the School of Foreign Service, what were the lessons or principles from your experiences that

1120 you tried to convey to the students? Did you teach them that negotiations are not for the faint-
1121 hearted?

1122 **Paemen:** Yes, my only added value was my experience. I am not an academic. I've not done
1123 scientific research for a long time. My only added value, if there is one, was to explain what is
1124 behind, what's happening in international relations and how they work, what are the forces you
1125 have to take into account and, if you want to be part of it, what's the best way to prepare for it.
1126 The students were very motivated: a very positive experience. But I've always liked to teach. I
1127 also lectured in Europe, at Leuven University, where I'm still on the board, which I like very
1128 much.

1129 **Plank-Brumback:** What is your work in the European-American Business Council?

1130 **Paemen:** We have about seventy-five big major companies from Europe and the United States,
1131 which are also global companies. They have no major problems with Europe or the United
1132 States, most of them. If they have, we try to see what we can do. Sometimes we cannot do very
1133 much, because the interests are contradictory. But where we can, we do some kind of lobbying at
1134 a high level. What those companies want is to have no problems in the transatlantic marketplace
1135 in order to be able to concentrate on the real problems they have, which are with China, India,
1136 Brazil, Africa. So, it's somewhat about having a smoothly functioning and gradually integrating
1137 transatlantic marketplace.

1138 **Plank-Brumback:** So when you're advising the private sector, you find them sometimes more
1139 forward looking and strategically oriented than—

1140 **Paemen:** There seems to be a rule which is that, whether you are a government or whether you
1141 are a company, when you reach a certain dimension, you tend to become bureaucratic with all
1142 the disadvantages and a very small number of advantages. It seems to be inevitable. And it's
1143 amazing how similar the problems of big companies are to the ones of big government. They are
1144 more or less the same. That was a surprise to me.

1145 **Plank-Brumback:** It becomes so vested sometimes it forgets its mission.

1146 **Paemen:** Much depends on the people in charge. In a government, a good functioning minister
1147 can transform the motivation and the organization of his administration. That's also true for
1148 companies.

1149 **Plank-Brumback:** Well, it's very unfortunate that your wife did not fulfill her dreams of exotic
1150 posts throughout —

1151 **Paemen:** A permanent frustration.

1152 **Plank-Brumback:** Yes, but I think that her husband found the right place at the right time, all
1153 the different portfolios.

1154 **Paemen:** You never know, and nothing of what I have done had been planned.

1155 **Plank-Brumback:** As we wrap things up I would just like to ask you if there were any other
1156 messages, ideas, recollections that you wanted to share for this project that I, as an imperfect
1157 interviewer, that I have not touched upon.

1158 **Paemen:** No, since I didn't know what exactly the purpose was of the whole exercise, so I
1159 wonder what you are going to do with this.

1160 **Plank-Brumback:** No negotiating directive.

1161 **Paemen:** That was an advantage, because it made it possible to have a very nice conversation,
1162 but I still don't know exactly its usefulness in terms of a bigger project. If there is, I'm happy so
1163 there is no problem from my side.

1164 **Plank-Brumback:** The idea is to share this with researchers and academics and those interested
1165 and to have a public record. Once we get the transcript if there are other things that you wish to
1166 add, you know, upon re-reading that there are things—

1167 **Paemen:** I wonder if we have been factual enough and whether we have, I would say, been
1168 technical enough? Happily you have my book. I think as far as the negotiations for the Uruguay
1169 Round are concerned, I would rather advise them to read the book if they really want to know
1170 more about it.

1171 **Plank-Brumback:** And we can draw from that as we go through the transcript.

1172 **Paemen:** I would suggest that.

1173 **Plank-Brumback:** Well, thank you very much. *Merci.*

1174 **Paemen:** *Je vous en prie.*

1175

1176 [END OF INTERVIEW]