

Phil Hogan's resignation: implications for EU trade policy

Blog post by Practice Lead Daniel Capparelli, 27 August 2020

Phil Hogan's stepping-down yesterday from his role at the helm of EU trade policy is sending shock waves through political and policy communities in Europe and globally. Many will argue, in hindsight, this was inevitable in light of his lack of contrition for breaches to Irish covid lockdown guidelines and quarantine rules in the so-called GolfGate. The affair highlights, they will also say, proof of European Commission President Ursula von der Leyen's staunch commitment to boosting democratic accountability for 'EU elites'. Yet, not many in Brussels and national capitals will cheer the loss of a seasoned, highly skilled, credible negotiator and political powerbroker at the driver's seat of EU trade policy at a critical juncture of the transatlantic relationship and in the development of the EU's trade policy strategy for the next five years.

The full implications of Hogan's resignation for EU trade policy are obviously still unknown, but they are likely to affect three broad issue clusters.

First there is Brexit or, to be more precise, the ongoing negotiations on the future UK-EU trading relationship. There has been much ado in the media - especially in Ireland - about what the loss of an Irish heavy-hitter in a powerful and thematically-related (trade) portfolio would mean for Dublin's influence in the negotiations. These concerns, like perceptions about Hogan's influence in the EU-UK trade talks, are most likely overblown - the negotiations have been and will continue to be led by EU chief Brexit negotiator, Michel Barnier, whose 'almost weekly' meetings with Hogan are said by commission officials to have been mostly focused on high-level issues. His resignation could nevertheless have an indirect impact: triggering a wider reshuffle in the von der Leyen college which would divert much needed political attention and investment by EU leaders to unlock the negotiations. The latter is unlikely, but the fact remains that Brussels is at the very least losing one of its few commissioners who knows and understands the UK, which will make dialogue between this commission and the UK harder.

There are also concerns about what Hogan's resignation means for open EU trade policy dossiers. These include ongoing trade talks with the US, China (on investment), Australia, New Zealand, the ratification of the EU-Mercosul and WTO reform. Disruptions to most of these during the interregnum and transition to new leadership are unlikely. This is because DG Trade's well-oiled machinery under the experienced leadership of trade Director General, Sabine Weyand, will push ahead negotiations and policymaking, especially where political pressure or cover is not necessary. The most notable exception here would be a sudden ratcheting up of trade tensions with the Trump administration and the fate of the EU-Mercosul deal ratification. Having been heavily involved and invested in the negotiations and conclusion of the EU deal with the South America trade block during his time as EU agriculture commissioner, Hogan was seen as a key figure to defend the agreement from mounting criticism about its impact on EU agriculture producers and environment during ratification.

Less immediately, but arguably more importantly, Hogan's departure from the commission has the potential to impact the overall direction of EU trade policy and strategy in a much more fundamental way. Often described as a trade liberal, Hogan has played an important role behind the scenes in

resisting the more trade protectionist and inward-looking instincts of his former fellow commissioners and national capitals to radically reshape EU trade policy as lever to deliver wider EU policy objectives in areas such as EU industrial strategy and green transformation. The timing of his departure - and replacement - is also important here given that DG Trade is in the process of developing a new EU trade policy strategy. Both the views of Hogan's replacement on the prospective subsidiarity of EU trade policy to other EU policy objectives and/or his replacement's ability to resist ever mounting pressures within the commission and the council will likely shape EU trade policy for years to come.

In appointing commission executive vice president Valdis Dombrovskis, in charge of the economy, as interim trade commissioner today, von der Leyen suggested she is considering a more comprehensive reshuffle of the college of commissioners in the fall. During Hogan's botched bid to become the EU's candidate for director general of the WTO, rumours emerged of a potential move of internal market commissioner Thierry Breton to the trade portfolio. Given Breton's reputation as a trade sceptic and advocate for greater protection of EU champions from foreign competition, the rumours led to a high degree of anxiety in EU diplomatic and trade policymaking circles. Hogan's resignation yesterday is likely to stoke up this anxiety again in the coming weeks.