

## **Catherine Ashton EP Presentation**

Strasbourg 20 October 2008

Thank you all very much. I realise that it has taken an extra effort for many of you to be here for this Presentation this evening. I appreciate that effort. It is an honour to have been appointed to this role, and an honour to have the chance to address this House.

I don't want to monopolise the floor with an opening statement for any longer than necessary. I'm not going to try and tick every box. You are here to ask questions and I am here to answer them. I think its best if we pretty much get on with it.

I am someone who regards herself as strongly pro-European. My British and European identities have always pulled me in the same direction rather than apart. My belief in the value of European Union flows from two things. The first is a sense that the EU is the most radical experiment in rising above narrow national interest in pursuit of shared stability and prosperity that the world has ever seen. It has succeeded far beyond its founder's expectations. I was born into the wake of the most devastating war Europe has ever seen. My children were born into a Europe that has never been more prosperous or stable.

The second is a belief that an effective and proactive EU is the best - indeed the only - way of projecting European values and interests in a changing world. This matters in trade, where we are now sitting across the table from economies the size of China and India. But it will matter whenever Europeans want to shape a global agenda.

I am an experienced negotiator who knows how to build bridges. I led significant changes in the British Health Service and I was appointed to the British House of Lords in 1999. From that position I have been UK Minister for both Human Rights and Justice. I was made leader of the House of Lords in 2007. I am a Parliamentarian to my core. My political instincts have been shaped by ten years in the House of Lords.

I have experience in mastering a complex brief and steering it through disputed and even hostile territory. I guided the ratification of the Lisbon Treaty through the House of Lords in the UK.

As UK Justice Minister I participated in and chaired the JHA Council and I know very well how difficult – and necessary - managing national preferences on the road to a common European policy is. Trade confronts us with exactly the same need to build a common policy from a wide range of national interests.

I have two decades of experience launching and running non-profit organisations focussed on corporate social responsibility and building strong communities. I am an active campaigner on equal opportunities, especially for women. Plenty of people have noted that I would be the first female British Commissioner and the first female Trade Commissioner, to which I say – it's time.

It would not be credible to suggest that I have mastered every detail of European Trade Policy in ten days. But I come to this position with years of relevant experience in government and business and strong convictions about how trade should work and what it means to live in a global economy. I want to set out those convictions tonight, and I think in doing so I can make it clear to you the kind of Trade Commissioner I propose to be.

We measure the benefits of open trade in macroeconomic terms – growth, job creation, efficiency, stronger economies. But trade to me is about individual people, livelihoods and communities. It is about that moment when a small business somewhere in Europe discovers that there is a market for what they make in China or the United States. Or that moment when a small business in Africa or the Caribbean is able to sell their goods here for the first time. The job of the Trade Commissioner and trade policy is to create the conditions that make those links possible.

But trade is also an engine of economic change and we cannot see it in isolation. I was born and grew up in Lancashire, which used to be the heart of the British textile industry. I know what communities go through when industries rise and fall. Whatever the end result of economic change, no matter how great the overall benefits for our societies, we have a responsibility to the people whose lives are

changed in the process. That is why Europe's social models matter more than ever in a world of rapid economic change.

That said, I believe in the value of open trade and open markets. I believe that globalisation is a force for good, even if it brings with it new political problems that need to be addressed. I have seen first hand in India, South Africa and elsewhere the way that trade with Europe can help reduce poverty, especially the grinding poverty of subsistence farming.

I don't see trade as just the contents of shipping containers. I see it as creating the conditions by which investment, skills, experience and opportunity can spread around the world, and into the places where they are often needed most. I think there is a role for trade in helping us meet the Millennium Development Goals and tackle climate change. The point is that trade and open markets are a means to an end, never an end in themselves. We should not allow our trade policy to produce social or environmental results here in Europe, or anywhere else, that are counter to our wider policy goals. The end of trade policy is not trade for trade's sake: is a more prosperous, stable and equitable world.

I believe that the gradual building of an open global trading system based on shared rules is one of the great achievements of the twentieth century. The WTO system might not be perfect, but it is easy to underestimate just how unpredictable the global economy would be without it. If approved by this Parliament my first visit will be to Geneva to assure Pascal Lamy that the WTO and pursuing a successful Doha Round remain absolutely central to Europe's trade policy.

I don't accept the pessimistic assessment of Europe's potential in a global economy that says that we are running out of ways to compete with economies like China. It doesn't reflect the facts. It doesn't reflect that our trade surplus for manufactured goods was three times *higher* in 2007 than it was in 2000. It doesn't reflect the fact that Europe remains the market leader in services and high-value and high-technology goods.

We *are* being forced to think about what we do best. That doesn't mean for instance getting out of farming – agriculture remains a key asset for Europe. But it does mean focusing on the specialist and traditional agricultural products which are our strength.

It certainly doesn't mean an end to manufacturing in Europe. Three in every four containers imported to Europe in 2007 were full not with consumer goods from some Chinese factory, but unfinished materials or parts and components destined for the transformation industries here. We are a transformation economy. Our added value is the skills and the technologies we bring to bear in this process. We make better things, and we make them better than anyone else.

The trade policy for a transformation economy must be: open markets for what we sell, open markets for what we need to import. We are right to seek to refocus trade policy on our fastest growing markets in Asia. Right to argue that we cannot build a strong European economy to underpin our social models without being competitive on the world's markets.

We are at a moment when our economies are under immense strain. The impact of the credit crisis will almost certainly be a contraction in demand here and in America. We will be even more dependent on open markets abroad for growth. Our open supply chains will matter even more.

I don't believe that the answers to any of our problems – and that includes the current financial crisis – lie in reversing the current openness of the global economy. I believe they lie in managing economic globalisation better. Markets need rules. Markets need to be monitored and rules need to be enforced. The right response to market failure is to ask why the market failed and to ensure that failure does not happen again. History spells out the costs of retreating into economic isolation.

It is our special responsibility in Europe that we make trade policy from a position of wealth and strength. It is to Europe's great credit that we have usually had the moral sense to recognise this, even when it touches our own economic interests. We have reformed our farm subsidies so that they no longer squeeze farmers in the developing world. We have never expected developing countries of any size or strength to match our own commitments in the Doha Round.

For me fair trade means trade that helps build European prosperity without making other countries worse off - and which actively helps lift people out of poverty wherever it can. I believe that everybody has the right to trade their way out of poverty and that no part of our trade policy should prevent them doing that. Our trade policy should respect comparative advantage and fair competition. But it should never reward disregard for internationally accepted labour and social standards.

I don't think economies grow behind long term trade barriers and there is no evidence that any economy has ever grown sustainably without some kind of engagement with trade. But I don't think there is any single model for trade liberalisation that works everywhere and at all times. There are only tailored solutions to the specific needs and the potential strengths of different countries. This would guide my approach in areas such as the Economic Partnership Agreements, where I want to listen to and learn from our ACP partners how best to take forward final agreements.