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Speaking Points: Future Trade Policy

~~Check Against Delivery
Seul le texte prononcé fait foi
Es gilt das gesprochene Wort~~

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Ladies and gentlemen,

These are challenging economic times for Europe with low growth, high unemployment and gaping deficits in Member States' public finances. The need to address deficits and debts implies that fiscal policy can no longer boost the economy.

In times like these, trade policy is under challenge but has an even bigger role to play. It must be an engine of economic growth and job creation, and a driver for economic reforms to enhance the EU's economic efficiency.

I am deeply convinced that the EU should remain an open economy. Open, but not naively open: Europe is not going to unilaterally disarm on trade. And we should remain vigilant against any attempts by our trade partners to introduce protectionist measures or to any temptation to fall into that trap ourselves. This is a message that President Barroso is taking to the upcoming G20 Summit.

With this in mind, we are developing our new policy; an approach that ensures that trade helps to deliver the innovation and competitiveness that are at the heart of the Europe 2020 strategy for growth and jobs, but first and foremost: smart, sustainable and inclusive growth, in short: **growth**. Without stronger growth, the funding of our welfare state is threatened.

But our trade policy should also offer opportunities, particularly, for development of many of our partners around the globe and contributes to spreading some core European values.

In May, I already outlined to you the main developments that you can expect in the next 18 months. This time, I have come to you to listen to your views on how you would like EU trade policy to evolve in the years ahead. We have recently launched a public consultation to this effect.

I am keen to learn your views, because I am mindful of the clear role and powers which the Lisbon Treaty gives to the Parliament on trade policy.

Some may ask: why a new trade policy? Isn't the existing Global Europe trade strategy adopted by the European Commission in 2006 good enough? With Global Europe, we launched free trade negotiations with fast-growing emerging market economies in Asia: Korea, India, ASEAN. All economic forecasts show that these economies will become even more important in the coming years. So Global Europe has put our bets in the right place.

Be that as it may, my feeling is that in the current conditions we have to explore more options, push the trade frontier as far as we can. And I do not necessarily mean this in geographical terms – more FTAs – although I don't want to exclude that either, as illustrated by the decision to reopen the negotiations with the Mercosur countries. But mostly in terms of the depth and quality of our trade relationship with our trading partners.

Let me give three examples of areas to explore:

Firstly, one consequence of globalisation is the artificial frontier between our internal market policies and our external trade strategy. If we want to be competitive in the world market, our regulatory framework will have to take into account what other major economies do, and minimize the cost of trading goods and services between different regulatory regimes. Sometimes this will mean exporting what's best in Europe's values and standards, sometimes it may mean being open to learn from others. But where we can develop international standards, that has to be the right answer.

Secondly, the Europe 2020 Strategy puts a lot of emphasis on the "smart" and "sustainable" dimension of growth: high-tech, innovative and green technologies. I

think trade policy can contribute to this, by facilitating trade in this sector. We can also go beyond goods and further open up trade in information and communication technology services. In green goods and services something similar might be possible to stimulate the diffusion of these technologies, delivering a virtuous circle of larger markets, lower costs and more innovation.

And thirdly, European external action is embedded in a number of general principles, which are enshrined in the Treaty, and which reflect a number of shared values that underpin the European construction: rule of law, sustainable economic, social and environmental development in developing countries, sustainable management of global resources and respect for human rights, to name but a few.

Trade policy is one of the key vectors to promote these values and principles. There are high expectations on trade in this respect, mainly because, of the various areas of EU external action, the common commercial policy is the one with the strongest teeth. We have to deliver on these expectations, but at the same time we must be aware that all problems can not necessarily be solved through trade policy.

So the crucial question is: where do you think the balance should lie between promoting European interests and European values? This is also an issue of policy coherence – which is not only a question of trade being coherent with other (external) policies, but also on making sure that, where trade policy is not the solution, other policies can be deployed to deal with the problem. This is equally, if not more important.

As set out before, our negotiating agenda will remain an important aspect of our trade policy. But we also need to step up our efforts to make sure that what we negotiate is actually implemented by our partners. We need to work harder on IPR enforcement and we need to strengthen the Market Access Strategy as an efficient instrument to tackle barriers on third country markets. And more widely, we also have to see how we can increase our leverage in the area of government procurement to make sure that foreign public markets in large emerging or developed economies are as open for European companies as is the European market for third country companies. Equally, we need to put more efforts to discipline state aids in third countries.

Finally, any strategy for an open Europe must also open up opportunities for growth and jobs for partners around the world, particularly in the developing world. I also plan to propose to the Commission a specific communication setting out more detailed thoughts on trade and development at a later stage.

In parallel to the preparation of a new Trade Policy Communication, my colleagues Antonio Tajani and Michel Barnier are respectively developing a new industrial policy and an internal market policy for the years ahead. It is important to ensure consistency between these policies and our trade policy, which is, to my mind the centre-piece of the EU's external economy policy.

My target for adoption of this new trade policy Communication in the College is around the end of October.

So now, I would want to hear from you – where do you see possible gaps in our trade policy, ways to improve it, to be more adaptive to our changing economic fortunes, what do you expect from the new policy?

I thank you in advance already for your inputs. I value them a lot.