



European Trade Policy Day

23 June 2015

Report

The European Trade Policy Day was well attended (450+ participants) and provided a major forum for discussion of issues relevant for upcoming communication on future trade strategy. Panels and attendees reflected the broad range of views on EU trade policy, in political terms and across different parts of civil society.

1. Welcome by Director-General Demarty

Mr. Demarty's intervention outlined the process of consultation of stakeholders in preparation for the communication and called on all participants to contribute actively to the day's discussions as well as afterwards.

2. Keynote by Commissioner Malmström

The Commissioner's introductory [speech](#) focused on issues that the Communication would need to address including for example transparency; implementation; focus on consumers/SMEs; values, including anti-corruption; and updating the negotiating agenda.

3. Plenary Panel

The session covered a number of points:

- Panellists stressed that the economic situation has changed. Global value chains, the rise of the emerging economies, and mega-regional trade agreements like the Transpacific Partnership and TTIP are changing the face of the global trade.
- Panellists underlined that these changes have meant that the trade policy agenda has also evolved. In the past, trade policy was about bargaining and tariff reduction; now, with 25% of jobs in the EU linked to global supply chains, protectionism has become self-defeating. Trade policy has also expanded to new

issues, including standards, development, consumer protection, and the environment. Negotiations now involve a number of Directorate Generals.

- In parallel with this evolution in the trade policy agenda, panellists underlined shifts in the global governance of trade policy. The WTO is no longer the only show in town; trade policy governance today is split between three levels: the multilateral, the plurilateral, and the bilateral. For André Sapir, FTAs are where most progress will be made for the foreseeable future; Minister Calenda mentioned that multilateral innovation is limited by the fact that not every country is equally committed to open trade.
- The purpose of the upcoming Communication was also a topic of discussion. While the Communication may not, in the words of the Commissioner, win the Nobel Prize for literature, it is an opportunity for the European Commission, the European Parliament, the Member States, and the trade policy community more broadly to discuss and collect our thoughts.
- Also under discussion was "small-'c' communication": panellists called for the Commission to be open and engaged in the formulation of its trade policy, as well as to more effectively communicate the benefits of trade policy. However, panellists also called on the EU's Member States to do their bit here, arguing that the Commission cannot be expected to do everything alone. Robin Emmet of Reuters, moderating, brought up the 'European disease', or the tendency of Member State representatives to say one thing in Brussels and another to their home country publics.
- Finally, fair trade and sustainable development was also discussed. Sapir noted that all countries that have industrialised since the Second World War have pursued open trade policies, and that a commitment to free trade is therefore the surest road to development. Lange stressed the EU's commitment to fair trade and referred to the role of the trade and sustainable development provisions in the EU's trade agreements in promoting good labour and environmental standards among our partners.

4. Parallel sessions (See attached programme for list of speakers)

Session 1 – How do trade and trade policy affect people's lives?

- This session was focused on the changing nature of trade. Trade has become much more complex, reaching further into people's lives, and people are waking up to this fact.
- Some members of the panel argued that EU citizens no longer trust that the benefits of trade will trickle down to them. Though there was a convergence of opinion that trade can contribute to growth and development, there was discussion on how the benefits of trade are distributed, with some members of the panel challenging the notion that trade in its current form is to the benefit of all.
- Some panel members argued that communication on trade policy needs to be

clearer, in order to better communicate the benefits of trade instruments to EU citizens. Evidence is crucial to this task, and one participant highlighted the evidence-providing role that trade unions could play in identifying the challenges likely to accompany free trade agreements (and ways of mitigating these challenges).

- The relationship between trade policy and other objectives and values was a hot topic. Not all panel members felt that trade policy currently works to support the development and broader foreign policy objectives of the EU.
- There was discussion on how to deal with regulatory cooperation – through trade agreements, or permanent discussions. Specifically, there was debate on the one hand on whether the EU should not talk about compatibility and coexistence when dealing with big partners such as the US; and on the other hand, when dealing with smaller and/or developing countries, on whether the EU should not limit its ambition to bringing these countries up to the internationally accepted standards, as opposed to its higher standards.
- The implementation of agreements was recognised as important for the benefits of trade agreements to reach everyone. In this context, there was consideration of how to mitigate losses. As one example, a possible review/reform of the European Globalisation Adjustment Fund was mentioned.

Session 2 – Designing trade policy for the 21st century

- For trade policy-makers, this was a challenging panel because it did not just focus on *what* a 21st century policy should contain – i.e. the vehicles – but because it immediately zoomed in on the bigger questions of *why* we should be doing certain things – or not – in the area of trade and investment and *how* we should be taking forward trade policy.
- Five main 'take-aways' were identified:
 1. A strong call from many on the panel to adapt to profound shifts in the underlying 'shaping factors', which means finding ways to 'bring inside the tent' of trade policy: the way capital and labour flow, knowledge and innovation, or mobility issues. According to the panel, trade policy is first and foremost domestic policy.
 2. The panel also expressed a certain need for speed, for faster and better implementation of trade agreements (including sustainable development chapters); in short, for more "fluidity" in the words of one participant.
 3. The above two points were recognised by participants as being particularly important in the digital space, a focus of many interventions.
 4. There was also a call for a focus on the benefits of trade: EU citizens overall, other countries' citizens, and small firms, for whom trade policy should deliver opportunities, but also predictability, through responsible and sustainable global supply chains.

5. In terms of the policy agenda, all this requires us, according to the panel, to set our sights going forward on future growth markets, notably in Asia – here China obviously came into focus. Here, views on the panel diverged, as they did on issues such as the EU's recourse to trade defence instruments.

Session 3 – Transparency, democracy, confidentiality – what balance?

- Participants to this panel agreed on the need to find a balance between transparency, democracy, and confidentiality. While the focus of discussion on these issues has so far been concentrated on TTIP, panel members argued that we ought to look at this balance in other negotiations too.
- There was no consensus in the panel on the current state of transparency in trade policy. For some, the transparency applied in TTIP is unrivalled. For others, TTIP represents a 'rollback', due to, e.g., the use of reading rooms for sensitive documents.
- There was no consensus on whether more publication of negotiating texts is necessary. For some, such a move would improve accountability and support an informed public debate. For others, it could undermine the strategy of trade negotiators and be detrimental to EU trade policy as a whole.
- Some members of the panel questioned whether the mechanics of representative democracy are enough, and whether it is not necessary to engage more with the public more directly.
- In concrete terms, the panel discussed whether the transparency provisions of TTIP should be extended to other trade negotiations. Should a protocol on transparency be negotiated with our partners? There was recognition that more engagement needs more resources.

Session 4 – Making trade work for sustainable development

- In this panel there was a consensus that trade *can* contribute to sustainable development, but there were differences about how best it could help. Nevertheless, there was a convergence of opinions that trade has to happen before it can contribute to sustainable development.
- There was a general concern for coherence in the EU's policies touching upon sustainable development, specifically between trade policy and development policy. However, some participants contended that trade policy cannot solve everything, and that many development issues can only be addressed through other policies, including the domestic policies of developing country governments.
- Responsible supply chain management was a significant theme of discussion. Although there was recognition that responsible supply chains are the responsibility of both governments and businesses, there was no consensus on how we should approach the issue: should our approach be general or *ad hoc*? Mandatory for companies, voluntary, or a smart mix between the two? There

were calls for the EU to consider the global management of responsible supply chains.

- Finally, there was general recognition of the role of EU consumers in driving the sustainable development agenda forward. European consumers are more and more demanding sustainable products, which has not only shaped the EU's legislative agenda on sustainable development, but which has also led to the development in some cases of private sustainability/corporate social responsibility standards that go beyond what is strictly required by EU law.

Session 5 – Trade policy and the European way of life - conflict or coherence?

- The subject of this panel gave rise to a discussion on the nature of the 'European way of life'. There was consensus that trade needs to be seen in a political, economic and environmental context – it is not free standing.
- Panellists recognised that discussions on regulatory cooperation mean that there are higher stakes in modern trade negotiations. There was no consensus on whether such discussions will be to the detriment of the European way of life, or whether close regulatory cooperation is actually feasible.
- There was some scepticism from some members of the panel about the concepts of competitiveness and growth, and whether it is not necessary to take a more critical eye to these concepts, considering also the "big picture" of life in the EU.
- Other members of the panel asked whether Europe needs more trade. Although there is free movement of capital, and (albeit somewhat restricted) movement of goods and services, the movement of people is very restricted
- Panellists also emphasised the need to think about today's geopolitical context and the role of trade in mitigating some of the problems that challenge our way of life (e.g. trade can contribute to development, which reduces the migration pressure on the EU). There was discussion about the potential of trade to shape change that is already coming in the way we want it.
- Whether trade is coherent with the EU way of life split the panel 50/50. However, there was consensus that trade policy could be more coherent.

Session 6 – Doha and beyond – how to make the 'first best' fit with the rest

- This was quite a sober and reflective discussion. There was consensus that the multilateral system is not where it should be, but consensus that global trade rules remain a 'first best'. The Trade Facilitation Agreement was recognised as being a ray of light in multilateral discussions.
- The panel discussed the growing complexity of the global architecture: we are witnessing not just the growth of mega-regionals, but the proliferation of bilateral and regional deals everywhere (north-south as well as south-south), which may mean that resources are being diverted away from multilateralism. There was recognition that a failure of the Doha Round would be extremely damaging to WTO and multilateralism.

- Four further points were discussed by the panellists
 1. The contribution of mega-regional trade agreements to global rules and standards. What rules and standards should we aim at?
 2. The need for the EU to be open to other countries' needs and models, even if this is a challenge. The need for mega-regional agreements to take account of the context of the global economy today – e.g. populations, resources, inequalities – so that these agreements don't entrench divergences but rather narrow them.
 3. The need to better identify where the comparative advantage of the WTO actually lies.
 4. The need for a renewed debate on our aims in the WTO.

5. Commissioner Malmström's Closing Remarks

- For Commissioner Malmström, the word of the day was 'complex'. In the plenary session as well as in the rapporteurs' summaries, 'complex' was a word heard repeatedly. For the Commissioner, this was entirely understandable; complexity is indeed what characterises trade policy today.
- The importance of knowledge and innovation also shone through in the discussions. The Commissioner also stressed the need to pursue trade policy through all tracks: the multilateral, the plurilateral, and the bilateral.
- The Commissioner recognised the task of trade policy-makers to make sure that everyone benefits from trade policy, and also for the need to prioritise and to work in a quicker more efficient way. She noted however that when she asks Member States for their priorities a long list of countries and issues quickly develops.
- The Commissioner also underlined the importance of the EU's values in its trade policy. The EU is proud to be founded on values – its social model, sustainable development and responsible value chains. While trade policy cannot solve all the problems in the world, it can contribute to the resolution of many. Here Commissioner Malmström stressed the need to be responsible and yet remain realistic.
- Transparency was another recurring topic throughout the day, and the Commissioner reiterated the Commission's commitment to look at how the transparency provisions deployed during the TTIP negotiations might be extended to other trade negotiations.
- Finally, the Commissioner outlined the way forward for the new trade policy strategy Communication. The new Communication will be sent to the Council and to the European Parliament in October this year, but it will represent just the start of a conversation. There will be an intense debate on trade policy that will follow.