



TTIP and Beyond: EU Trade Policy in the 21st Century

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Ladies and gentlemen,

I'm delighted to join you today. Columbia Law School and the School of International and Public Affairs are both top class departments at a global level. So I'm looking forward to our discussion.

But I hope you'll indulge me for a few moments so I can give you a sense of some of the issues we are dealing with in EU trade policy.

The title of this event is, "TTIP and Beyond: EU Trade Policy in the 21st Century."

It gives a pretty accurate picture of my work at the moment.

Because in the public debate in the European Union today, trade policy is almost synonymous with the Transatlantic Trade and Investment Partnership.

And that's understandable. But of course TTIP is in fact just a part - the biggest part but a part nonetheless - of our wider efforts on trade.

We are using a full range of trade policy tools to boost our economy and help us adapt to a changing world. We are working on more than 20 agreements with more than 60 countries across the Americas, Asia and Africa.

So I'd like to also give you a flavour of the "Beyond" part our trade agenda as well.

And I'd like to do that by looking at trade policy's two biggest challenges: effectiveness and responsibility.

By effectiveness I mean that trade policy needs to work. To do that we must adapt to economic realities.

Trade is no longer just about finished products. Through global value chains, trade and investment have become part of the production process itself.

Some experts do argue that the growth of these chains has slowed in recent years. That may be cyclical or it may be permanent. It's too soon to say.

But either way the linkages that have been forged in recent years require us to adapt. If we want to be competitive we have facilitate this value chain trade.

Trade policy also needs to take account of changes in the nature of cross-border flows. In the past, goods were far and away the most significant component. They are still vital.

- But we now also need to look at services - from transport, to finance, to technical support.
- We need to address investment.
- We need to address the rise of the digital economy, which means data flows also need to be part of the equation.
- We need to deal with the fact that people often now need to cross borders in order for trade to happen.
- And trade policy also needs to adapt in order to broaden the base of companies that take advantage of trade agreements. 30% of European exports are by small and medium sized enterprises or SMEs. But it's still true that most SMEs don't export. We have room for improvement.

What are we doing about these facts?

The best way to facilitate value chain trade is multilateral trade liberalisation through the World Trade Organisation. It caters for the fact that inputs may cross multiple borders multiple times:

- The EU is working hard with the US and others to deliver a result at the Nairobi Ministerial Conference at the end of the year.
- We are also making progress on a range of targeted negotiations with groups of WTO members on issues like information technology equipment, services and green goods.
- And we know we need to start thinking about what happens after the Doha Round is finished as well.

But we also need to keep multilateralism in mind when we negotiate our bilateral and regional free trade agreements.

TTIP is a particularly good example. It covers around 40% of the global economy already.

It is also important because it is ambitious.

Our aim is an advanced set of rules on issues like state-owned enterprises, localisation requirements, raw materials and energy. We are also trying to break new ground in international regulatory cooperation - in general and for 9 specific sectors including pharmaceuticals, cars and cosmetics.

The results of these efforts could serve as models for future global solutions to these issues. So through the bilateral we are preparing the ground for future multilateral work.

Moreover, an ambitious TTIP outcome on issues like services, digital trade and mobility, would help set precedents for tackling these issues in a way that fits with today's economic realities. And TTIP will be the first agreement where the EU negotiates dedicated provisions to help SMEs benefit as much as possible.

TTIP should be our most ambitious agreement but in all the EU's free trade agreements we seek to be as ambitious as possible - to make sure they are adapted today's realities - and that they work. Our agreement with Korea has helped EU exports rise by more than 50% since it entered into force. Our

recent deals with Canada and Vietnam are also ground-breaking in different ways. That's how we mean to go on.

We also need to think collectively about how bilateral agreements relate to each other. One example of where we've done this in is Latin America. We've had an agreement in place with Colombia and Peru for several years. And last year we reached a political deal with Ecuador that would allow it to accede to that agreement. That's something we may wish to look at for other agreements as well, including, potentially, TTIP.

The second theme I want to talk about is responsibility.

Trade will always be fundamentally an economic policy. But it is not an island. The choices we make about trade must reflect our values.

This is not just an abstract wish. Over the last two years the public debate around trade policy has intensified - and not just in Europe. Much of the concern is essentially a call to greater responsibility.

Policy makers in democratic systems have to listen to that debate, understand it and respond to it.

Here again TTIP is at the forefront, not least because - in Europe at least - it is the most controversial.

I see this debate as an opportunity to look hard at some of our approaches and update them where needed.

One issue is about the way we negotiate. When trade deals cover issues like regulation on safety, health and the environment, people need to trust that we are not lowering standards.

If we want their trust we need to be more open. That's why the EU now publishes our TTIP negotiating proposals on these issues. And why we are now assessing whether to apply this to other negotiations as well.

Responsibility is also about substance. For example, investment protection is one of the most intense issues in the TTIP debate in Europe.

There is considerable concern about the possibility for investors to take cases against governments.

The Commission listened to the debate in civil society and among national and European political representatives. We have - just last week - published our proposals for a new system.

We believe it keeps what is good about investment protection - it reduces risk and therefore encourages job-creating investment.

But it also makes clear that governments can make policy in the public interest.

And it turns an arbitration system that needed reform into a transparent courts system that citizens can trust.

This new approach - once agreed within the EU- will also serve as the basis for our investment deals in the future. So here again we have a result from TTIP that has wider impacts.

There is a second strand to the public debate on responsibility in trade - less linked to TTIP but no less important. And that's the fact that consumers today are more concerned about the social and environmental footprint of the products they buy from abroad.

That is good news, as far as I'm concerned. Trade - like any other international policy- should help put our principles into practice. That goes for development of poor countries, human rights, labour rights and protecting the environment.

Trade policy makers around the world have increasingly come to this view in recent decades. The EU has also played its part:

- We offer advanced preference schemes for developing countries and free access for the products of least developed countries.
- We have also concluded a series of Economic Partnership Agreements with developing countries in Africa, the Caribbean and Pacific.
- Along with our Member States, we are the most significant provider of the Aid for Trade that helps countries take advantage of these opportunities.
- And the sustainable development rules of our free trade agreements encourage countries to respect the core conventions of the International Labour Organisation and the key international conventions.

I believe we need to do more.

- For example, we should have ambitious provisions on labour and the environment in TTIP...
- We should give more support to fair and ethical trade schemes...
- And we can do more to promote responsible supply chain management by companies.

The Commission will be talking about these and other issues in a new trade strategy document released very soon.

Ladies and gentlemen,

I hope this gives you an overview about the issues facing trade policymakers.

Resolving them will require hard work and political will from Europe and our partners around the world.

It will also need creative thinking, not only from within government but also the academic community.

So, no pressure but I hope to hear some of those from you today! Thank you.