



## Progress on Trade and the Need for Debate

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*Welt Economic Summit, Berlin*

Ladies and gentlemen,

I'm delighted to be here with you today to talk about trade.

Your companies are major exporters, importers and foreign investors.

So you understand how important international trade is for the European economy in general...  
... and for the jobs of the people who work in your companies in particular.

I'm looking forward to hearing your views.

But since we are meeting at the start of the New Year, it's a good moment to take stock.

So let me start by giving you a sense of what the EU is doing to open markets around the world to bring prosperity home to Europe.

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2015 ended very well for the EU's engagement with the world.

On the second of December, we finished our negotiations for a ground-breaking **free trade agreement with Vietnam** – a major emerging economy with a growing middle class and a young and dynamic workforce.

The deal will make it easier to trade and invest with this vibrant nation of more than 90 million consumers...

... and support Vietnam's drive for development. It's also a building block on the way to a broad agreement with the rest of the ASEAN countries.

Also in December, we agreed with 23 members of the World Trade Organisation to boost trade in **information technology equipment**. It will further open up this 1.3 trillion euro market, removing tariffs on products as diverse as medical equipment, game consoles and semi-conductors.

And just before Christmas I was at the **WTO Ministerial Conference in Nairobi**. We put together an agreement...

... that gets rid of export subsidies in agriculture and puts disciplines on other forms of export support...

... that improves trading conditions for developing countries in general...

... and that allows us to address new issues, in addition to those outstanding from the Doha Round. Our next challenge is to begin work on this new agenda.

We have also announced a set of **new negotiations**:

We will modernise three of our oldest free trade agreements - with Turkey, Mexico and Chile.

And we are proposing new talks – when the conditions are right – with countries in the vital Asia-Pacific region:

- With Australia, New Zealand, the Philippines and perhaps Indonesia, we are looking at free trade agreements.
- With South Korea, we want to update our existing free trade agreement to include investment and address some lingering issues.
- And we want to explore investment negotiations with Hong Kong and Taiwan.

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Implementing these plans will be a major part of our work for 2016. **But we also have an existing agenda to work on.**

That means moving ahead with two of our North American partners.

The Transatlantic Trade and Investment Partnership or **TTIP** negotiations are essential. Almost 5 million jobs in the European Union depend on our exports to the United States.

We made good progress last year:

- putting text on the table in almost all areas,
- going in deep into the detail on regulatory cooperation in different sectors, updating offers on goods and services,
- and preparing the ground for a first exchange of offers on public procurement early this year.

The EU is ready to finish this agreement under the Obama Administration. We have the political and human resources to do that. However, the US must also be prepared to commit if we are to get a result.

Our deal with **Canada** is also vital. This is an economy as big as Russia's and the agreement we have reached is very ambitious. It will open the Canadian market quickly and comprehensively, setting a new standard in areas like public procurement for example.

The negotiations are concluded but some fine tuning is still ongoing, including on the sensitive subject of investment. We need to get that right, but I also hope we can move very quickly.

We also have ongoing negotiations in Latin America with the **Mercosur** countries. They've been going on for many years but we remain committed to an ambitious result. We agreed last year with the Mercosur side that we would explore moving ahead with a new exchange of offers. We are now working towards that end, which requires a lot of internal preparation and consultation.

Finally, we have to move ahead with our ongoing work in Asia. We continue to work very hard on our FTA with **Japan**. This the second largest FTA in economic terms after TTIP so it is a core part of our strategy. We will continue to make progress this year.

And of course we continue to engage closely with **China**. The negotiations for an EU China investment agreement would improve conditions for EU investors on the ground and can be a support to China's domestic reform efforts. We will also continue to pass the message that, in light of China's continuing economic uncertainty, those reforms are more necessary than ever.

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I also want to say a few words on **the intense debate on trade policy** taking place in this country.

I believe we need this discussion.

It's an opportunity to talk about how trade benefits people.

And it's an opportunity for public representatives like me and business leaders like you to learn what people think about trade.

In fact, I am convinced that three arguments in particular coming from trade critics have merit.

First, we do need to make absolutely clear that trade agreements do not undermine the regulatory and social system we have built in Europe.

We have some of the highest standards in the world when it comes to the environment, food safety, healthcare and social services. They reflect our values. We are justifiably proud of them. We should defend and promote them.

But doing that also means cooperating more closely with countries like the United States and Canada. Because - since they also have high standards - together we will have more possibilities to promote these approaches in the wider world.

Second, we also needed to change the system of investment protection arbitration that European governments built over the course of the last half century. Those agreements have a legitimate goal - they encourage investments by making them more secure, leading to jobs and growth.

But in the past they did not take enough account of the other side of the picture - that governments need the freedom to make policy in the public interest. Our new approach to this issue redresses that balance and makes the whole process fairer and more open.

Third, we needed to change the way we negotiate trade agreements to make it more open and transparent. Because transparency is key to trust. Over the last year we have turned the situation around. We have released hundreds of explanatory documents and actual texts about TTIP on our website. And we have begun to apply the same approach to all other negotiations.

All these changes for the better have come as a result of the debate. Long may it continue.

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But a debate, by definition, cannot only have one side. It is essential that business leaders like yourselves are out arguing in favour of an open trade policy - in your meetings and in your public appearances.

Because we are living in turbulent times, in which fear and uncertainty are prominent in our politics in general, including in the trade debate.

It is always possible that they lead us to make poor decisions.

And making a bad decision - rejecting an open trade policy - would be disastrous for Europe.

Already today, 30 million people in the EU, one seventh of the labour force, depend on exports for their livelihood. That's only going to increase in the future. We need to make sure Europe is properly connected to the world economy.

So it is essential that you also do your utmost to promote open markets in the coming months and years, in public meetings, in the media and in your private contact.

I will certainly do the same.

Thank you for your attention. I look forward to our discussion.