



EU Trade Priorities in 2016

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Ladies and gentlemen,

Thank you very much for that kind introduction. And thank you for inviting me here. I'm very much looking forward to our discussion.

The European Union and the United States have much to discuss. We have much to discuss at all times, but particularly when it comes to trade. And today we have even more.

Because there is a paradox at the heart of trade policy today.

On the one hand, people on both sides of the Atlantic are benefitting more from economic openness than ever before.

- They benefit from exports. In the EU, one in every seven jobs depends on exports outside our borders. In the US, the figure for manufacturing jobs alone is a quarter. And these are higher pay and higher skilled jobs. And we need them. We need more of them.
- People also benefit from imports. Consumers have access to the products of the whole world, so they can pick the best for their needs. Businesses do too, making them more competitive.
- And they are benefitting from foreign direct investment. Over 7 million people are employed in the EU and over 6 million here in the US thanks to foreign direct investment.

On the other hand, trade is more debated than ever before.

In the EU the controversy is about trade deals with partners to our West.

In the US... here you have an increasing debate too in the Presidential campaign. But maybe there are different countries involved.

On both sides people are questioning both the fundamental benefits of open trade and as the fairness and effectiveness of the means to achieve it.

So how do we resolve this paradox?

We have tried to do a few things to embark on that road in the European Union.

First, through **engagement**. On both sides of the Atlantic, we need full, frank, open and democratic discussions on trade policy. That involves making the case for open markets. But it also involves listening to the principled concerns being raised. We do that through an inclusive policy of reaching out to citizens and stakeholders.

Second, we are also **adapting our approach**. Not only listening but also taking people's concerns into consideration.

If the trade agreements we propose are to have people's support, we will need to actually take good ideas on board.

We need good ideas on how to make sure that trade policy is as effective as possible at creating economic opportunities. That can be about how to make sure that small and medium-sized companies really use the trading system to their benefit. Or it can be about making sure that existing trade agreements are properly and fairly enforced.

We also need good ideas when it comes to using trade policy to set global rules that reflect our values. We need an approach that not only tackles issues of unfair competition but also respects and even advances labour rights, environmental protection and robust regulation.

Adapting to these concerns is very achievable. In fact on both sides we are doing it already. The recent President's Trade Policy Agenda for 2016 and the European Union's 'Trade for All' strategy that we released just last autumn show clearly that this is the case.

And that brings me to our third task in resolving the current trade paradox - **transatlantic cooperation**.

If the European Union and the United States have these similar goals, we must support each other's efforts to achieve them.

I believe we can do that in three different settings:

- We can do that at the **World Trade Organisation**,
- We can do so in our **respective bilateral agreements with other partners**, and
- And we can do it in the **Transatlantic Trade and Investment Partnership**, or TTIP.

Let's start at the global level.

The **World Trade Organisation** is the result of long hard years of transatlantic negotiation and cooperation. We should be proud of that joint achievement.

But it's also true to say that the WTO has had some difficult years.

For a long time, compromise was blocked by the differing perceptions of developed and emerging economies. Idealism gave way to fatalism, as the Doha Round failed to advance.

But in recent years we have we have proven that fatalism wrong.

The Bali conference of 2013 produced a global Trade Facilitation Agreement.

In Nairobi just before Christmas we reached an agreement on agriculture - of all things - as well as on trade in information technology equipment.

And we have made genuine progress towards the environmental goods negotiations within the WTO and the Trade in Services Agreement, which we believe must eventually also come into the multilateral fold.

We can build on all this momentum for a revitalised WTO agenda.

That means, first of all, dealing with some of the outstanding issues of the Doha Round. Whether Doha is alive or dead is not really interesting. What is interesting is that there are important questions on the agenda that only the WTO can address, like agricultural domestic support or industrial subsidies. We need to find a way to do that. Bali and Nairobi may serve as blueprints.

But we also need to bring the WTO up to date by addressing new issues. Many issues have been suggested including digital trade, good regulatory practices and export restrictions to name just a few. EU-US cooperation - together with other major partners - will be essential to setting and reaching more precise goals.

In all of this we should of course be aiming as much as possible for multilateral agreements involving all WTO Members. However, where that is not possible, interested parties must be willing and able both to move ahead and to anchor their new initiatives inside the WTO system. Other countries can join afterwards.

The second way that we can support each other is in our **respective relations with other partners**.

Some may choose to view these agendas as competing. I think the reality is different.

On the one hand, our core objectives are by necessity the same: expanding opportunities by opening markets and setting high-standard rules of the road.

On the other, the world economy is such a complex web that we all benefit when flows between any two partners are opened up.

Take the **Trans-Pacific Partnership**. The EU is not a part but we nonetheless believe this agreement is in our interests.

European firms have manufacturing and services operations in many TPP members. In fact the turnover of those firms is over 2 trillion euro or 2.2 trillion dollars a year.

Moreover, where the TPP raises labour and environmental standards, or encourages market-based approaches to state-owned enterprises that's also in Europe's interest.

The same I would think goes for the European Union's broad agenda of bilateral negotiations and relationships.

We have a very broad and ambitious agenda in the EU. And many of the TPP countries are covered by this. We just launched negotiations with the Philippines. We have concluded with Singapore and Vietnam. We are exploring whether to launching negotiations with Indonesia. We are making preparations for negotiations with Australia and New Zealand. And we are seeing whether we can restart the dormant talks with Malaysia. And that's just in that region.

In that region you also have **China**. Europe, like the United States, wants to deepen its economic ties. Over 3 million jobs in the EU are already supported by our exports.

But we are also aware of the unique challenges that China presents. Too often the state is often more a participant than an independent regulator.

That makes life difficult for those wanting to enter that market. And it also impacts global markets, as the challenges facing our steel sector show in the EU and the US.

Both the EU and the US are seeking to address some of these issues through bilateral investment agreements.

The EU is placing emphasis on improving both market access and the overall investment environment. Legal certainty and predictability are key objectives. And we want unambiguous rules to guarantee transparent, fair and proportionate licensing procedures, genuine non-discrimination and a level playing field for investors. I think you want the same.

I'm happy to say that the talks are moving well, with an agreement on both sides for an ambitious and comprehensive scope.

The EU is also working on a high quality free trade agreement with **Japan**. Japan and the EU are both highly developed and mature economies with many interests in common.

This means our joint interests go beyond the traditional trade issues into areas like services, procurement and product standards.

The negotiations are moving well and we believe 2016 is a reasonable target for conclusion. But we still have work to do.

Here again we see the TPP as complementary. Even if it cannot, naturally, serve as a template for the EU Japan deal, it does set a positive precedent of Japan opening its market.

Two other EU partners will also be of interest the United States: **Vietnam and Canada**

We have recently concluded ground-breaking agreements with both.

The deal with Vietnam provides a new model for Europe's engagement with developing countries. It creates opportunities for the EU's agricultural, industrial and services exports. And it has a highly ambitious chapter on sustainable development that covers labour rights and environmental protection.

The deal with Canada is one of the most comprehensive ever agreed between developed countries, as I'm sure the Canadian government representatives in town today would agree.

It's highly ambitious on the traditional trade barriers. For example, 98% of EU exports will enter the Canadian market duty free on entry into force.

And it also goes further. It's a very ambitious and comprehensive agreement that we have made on procurement, for example. As well as the federal government, the deal covers Canada's provinces, regions, cities and state-owned enterprises. The EU's commitments are similarly ambitious.

It also breaks new ground when it comes to the provisions on **investment protection**.

We have rolled out a new European approach that we proposed last autumn.

And that approach is a vital part of what we believe the response should be to the public debates on trade. It's very emotional in Europe but also in other countries of the world.

It's a way to deal with legitimate questions that people have raised about investment protection: changing the old system to something more modern; increasing the level of transparency; limiting the scope; increasing the impartiality; and improving the selection of the judges examining the cases. It also has very clear language on the right of governments to make policy in the public interest.

Furthermore, we want these two agreements to pave the way for a multilateral investment court in the future.

We believe that this is the way forward and we have proposed it also in the context of TTIP.

And that brings me of course to **TTIP**. One of the reasons I'm in town today is to meet with Ambassador Froman and to push negotiations forward.

It's a highly significant agreement for two reasons:

Its scale: The deal would cover 30% of the world's trade in goods and services 40% of foreign investment stocks and 45% of output.

It's also unique in its depth: the European Union and the United States share a broad vision of how to organise our economies and societies. That means we can agree on issues that would be more challenging with other partners. We share many values; we share history; we share our commitment to the rule of law, human rights and democracy.

The combination of these factors gives TTIP a particular potential.

When the EU and US agree we have the weight of our economies behind them, encouraging others to follow when we take the lead.

Getting to result is of course a challenge. This negotiation has involved hard work over the last two and half years - both at the negotiating table and away from it.

But it's a surmountable challenge.

We have come a long way, with offers and proposals on the table in most areas of the negotiations.

For example, at the 12th round in Brussels two weeks ago:

- We got into detail on sustainable development and labour and environmental rights.
- We also made significant progress on regulatory issues, in different sectors like cars and medicines for instance where we try to eliminate unnecessary duplication and so on without lowering standards.
- And this week negotiators been discussing our first offers on public procurement.

We are not there yet. But we are moving forward.

I remain confident that we can come to an agreement by the end of the year.

If we continue the hard work and if we get the substance right.

There is no point in agreeing a "TTIP light", as some have called it. It's not on the agenda.

If we want a deal that will actually work we have to be ambitious, we have to be creative and we have to be constructive.

That's the approach I will be taking with my counterpart Ambassador Froman and the Administration over the course of this visit. And I know that our American counterparts are equally committed to finalising this.

Ladies and gentlemen,

Some will question the European Union's and the United States' ability to fulfil this broad agenda of cooperation.

Both of us have ambitious other agendas of course. People will point to the many political challenges we are facing, also in the European Union on issues like migration, or energy, on security and still struggling to come fully out of the economic crisis.

People will point - on both sides - to seeming political gridlock in the face of these issues. And you have I think some election coming soon that might influence things as well.

Surely, they will say, that these difficulties mean Europe and the United States can't move forward on trade this year.

But this view is wrong.

The right kind of trade policies will be supported by broad majorities in both our systems.

Policies that give real opportunities to our workers, our consumers and our entrepreneurs.

Policies that reflect the core values we share - transparency, fairness, and respect for human rights including labour rights and for the environment.

I don't ever expect to see debate on trade go away. Nor would I want to. It's actually good that people want to discuss trade. And it's what democracy is about.

But with trade policies like these we won't have to convince people of the benefits, the results will speak for themselves.

However, trade policy is not made in a vacuum. Like all foreign policies it only works if you persuade others of your vision.

But the European Union and the United States share a vision for the future of trade.

And that means that in a changing world where we both have less influence than in the past transatlantic cooperation is the only way we can make a difference, for us but also for other parts of the world.

And that is why TTIP is much more important than the technical details. That is why concluding it also has a huge symbolic value. And that's what we are determined to do.

Thank you very much.