



## CETA - Making an Informed Decision

Vienna, 14 September 2016

**Cecilia Malmström**, *Commissioner for Trade*

*National Council of Austria*

Honourable Members,  
Ladies and gentlemen,

Ich freue mich sehr heute Nachmittag die Möglichkeit zu haben, mich mit Ihnen auszutauschen. Meinen herzlichen Dank an den Nationalrat für diese Einladung, und die Organisation einer solchen hochkarätigen und tiefgreifenden Diskussion zur europäischen Handelspolitik. Es verdeutlicht eindrucksvoll, dass die aktuelle, sehr leidenschaftlich geführte Debatte über Handel eine Chance für alle Seiten bietet, sich eingehend mit den Vorteilen und Herausforderungen auseinanderzusetzen, um Klarheit zu gewinnen, was letztendlich auf dem Spiel steht.

Nur zu gerne würde ich meine Anmerkungen auf Deutsch fortsetzen. Aber ich möchte schließlich, dass Sie auch verstehen, was ich sage! Deshalb denke ich, dass uns allen besser damit gedient ist wenn ich ins Englische wechsele und auf die professionellen Fähigkeiten der Dolmetscher vertraue.

My priority today is to listen to your views, and answer your questions. But I would like to start by providing some context.

And, in particular, I'd like to say a word on why I believe that agreements such as CETA and TTIP will benefit Austria, if they are done the right way.

I'll come back to that question of the 'right way' in a moment.

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The starting point is how important trade is for a country like Austria. I come from Sweden, a country quite like yours in that it is a smaller country which also has an open economy.

Countries like ours are tightly woven into international production chains that cross borders within the EU and beyond. That's why Austria is ranked the fourth most globalised country in the world according to the University of Zurich.

And there can be no doubt that those connections are beneficial to Austria. Over 750 000 jobs, almost 1 in every 5 jobs in this country - depend on exports outside the European Union. And that's not counting the jobs in companies that require imported raw materials, components or services to survive...

... or the gains to consumers of wider choice and lower prices that also come from open markets.

And how did we open those markets? Through trade agreements like the ones we are here to discuss today.

That's why deals like the one with Canada are not about the profits of big international companies but about creating opportunities for people all across our societies. The benefits are widely shared.

Let me give you three examples from the real world, right here in Austria:

The first is AustriAlpin, a company that makes equipment for rock and mountain climbers. They employ 75 people in Austrian Tirol but sell their safety buckles around the world. And they have done very well out of the EU's trade agreement with South Korea because the deal made them more competitive on the South Korean market, contributing to expanding international sales that has allowed them to hire more workers. And they see opportunities in CETA as 20% of their sales are exports to Canada.

The second example is Doppelmayr. They sell cable cars all around the world. It has 1300 employees in Wolfort in Vorarlberg. Thanks to the EU's trade agreement with Colombia, Doppelmayr has dramatically improved its position on that market and is now building a cable car for Bogotá's public transport system. Its international success benefits the local community. Doppelmayr currently has around 90 apprentices and has contracts with companies in Wolfort worth 50 million euros.

A third example is a company that started small but has grown dramatically, partly thanks to the EU's trade deals with Egypt in 2004 and Mexico in 2000. Coffeeshop Company, part of the Schärf Group, launched its contemporary take on the Viennese coffeehouse in 1999. These trade deals reduced the administrative hurdles needed to enter those markets. Today it has 36 franchises in Egypt and 6 in Mexico, where they sell over 400,000 cups of coffee a year! And this success supports 450 jobs in the headquarters in Neusiedl am See in Burgenland.

These are just some examples, but I think they show clearly that the benefits of trade deals are real and valuable, and not only for big multinationals. I could also mention the importance of Canadian investment here in Austria. The five biggest Canadian investors employ roughly 15,000 people!

Stories like these matter more than any assessment of overall macroeconomic benefits. Because what those estimates do not capture is that the EU is not just working on one agreement or even two. We are building a network of agreements all across the world so that we can link into the world economy and build truly global value chains that will bring prosperity home. And we need that growth, we need the jobs trade can provide.

- We have over 30 agreements in place covering over 60 partners.
- We have 7 more agreements concluded that are in various stages of ratification and cover a further 31 countries.
- And we are working on almost 20 other agreements that cover more than 50 countries. That includes CETA and TTIP of course but also Japan, Mexico, the Mercosur countries, Tunisia, Indonesia and the Philippines among others. Of course, we also work in the WTO on international agreements and to set global standards.

The real value of CETA is that it will integrate Canada - one of the world's most important economies - into this wider network we are building.

But it is of course also very important on its own. And the first point to mention is that Canada is a very like-minded partner. Without wanting to offend any Canadians, I think we can say that they are as European as possible without being European. They share our values and our interests.

Canada is also not the United States, in spite of geography or its ties to that country.

And these negotiations are finished. Unlike TTIP, which is ongoing, you can see the final CETA deal. It's there to be examined.

So this is a progressive agreement with a progressive partner - and a progressive government too.

It's also the best trade deal we have ever negotiated. Let me highlight some of the specific achievements.

- CETA will see the immediate abolition of over 98% of **tariffs** once the agreement enters into force.
- It's an unprecedented opening to EU bidders of **public procurement** by Canada's national government, provincial governments and key municipalities.
- It improves possibilities for our **agricultural exporters**...  
... through new quotas and better protection of geographical indications...  
... but it also protects our sensitive products so that farmers do not have to worry.
- And improved **regulatory cooperation** that will help businesses comply with product rules on both sides...  
... while maintaining the high standards we share because Canada's view of how to regulate is very close to our own.

These opportunities will benefit Europe and will benefit Austria. Austrian companies have the skills needed to take advantage of these opportunities. Austrian infrastructure companies for instance will be particularly strong contenders for Canadian government procurement contracts. And Austria is also very strong at exporting high-quality, high-value food and agricultural products that appeal to wealthy consumers in Canada. That's part of the reason why Austria already exports over a billion euro a year in goods to Canada. Austria stands to gain here.

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Let me now come back to my statement earlier that agreements need to be made in the right way. They are and CETA is no exception.

What does that mean?

It means that I believe our international trade agreements have to be aligned with the values that we share here in the EU, whether we are Austrians, Swedes or other Europeans.

And putting that belief into practice has been the core of my work since I took this job two years ago. That's been done through the new trade strategy the Commission laid out in October last year.

And it's most certainly been taken into consideration in CETA.

Because this deal, regardless of the many distortions and exaggerations that you might hear, is the definition of a progressive trade agreement.

It meets any reasonable standard of **transparency**. The negotiations benefitted from very close contact with of civil society and the full oversight of the Member States and the European Parliament. A full draft text has been available online from September 2014 and the final version, after legal revision, has been there since February of this year and in all languages since the beginning of the summer. Nobody can seriously argue that the negotiations have not been subject to public scrutiny, or that the EU's decision on this will not be fully informed.

Or what about **public services** – known here as "Daseinsvorsorge" - like healthcare? This agreement protects them. Unambiguously. Public authorities - local, regional and national - will continue to have full freedom to organise public services as they wish. There is no obligation on anyone to privatise anything. And if services have already been privatised they can be renationalised.

And what about **regulatory cooperation**? Some say that encouraging cooperation between EU and Canadian regulators will reduce our freedom to make policy in the public interest. The text is clear on this too. It certainly encourages authorities to talk to each other, to

share information, to set high standards together for the future and to try to avoid unnecessary technical barriers to trade - that's one of the big benefits of this deal, especially for smaller firms. But it does not legally oblige either side to do so, and much less to come to agreement if they have different democratic priorities. In fact, it clearly enshrines a right to regulate in the public interest.

Finally, there is the issue of **investment protection**. Look, I fully understand that people have concerns about the existing system of investment treaties. I have concerns myself. It is an old fashioned system from the 1950s. That's why we have worked with Austria and other Member States and the European Parliament to find a better way of dealing with the problem.

And that's what the new EU approach - of which CETA is the first example - delivers. It's no longer just arbitration but rather an investment court system with strict rules on due process and on how to trigger it. It is public and eliminates any risk of conflicts of interest. It explicitly guarantees the right to regulate, thus ensuring each country's government the policy space that is needed in a democracy. And it's the first step forward towards reforming the global regime of some 3000 investment agreements. (Austria has 59 of them by the way. This is not a new invention.) So what I say is, if you disagree with that old system, then you should support CETA because it's a way do things better. By the way, many countries have contacted us to get on board with this approach and build a global court. But that will be a longer process.

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Ladies and gentlemen,

I'm looking forward to hearing your views on all these questions. And I'm glad that this event has been an opportunity for people to discuss these issues. This kind of open discussion is vital.

We have to understand all the concerns being raised and all the arguments in favour. As you know this will be discussed when the EU Trade Ministers meet in Bratislava next week. That will be an opportunity to work together to hear all the different perspectives and look at how to reconcile them, including Austria's. Minister Freeland of Canada will also be there to answer questions and I hope that together we can jointly provide the assurances that are necessary as well.

And hopefully this will allow ministers to sign the agreement so that it can then come back to national parliaments like this one and you can have your say. The agreement will also need to be discussed in the European Parliament and will not enter into provisional application until after the European Parliament gives its consent, which would be later this year or early next year.

But priority now is to listen to your views. So thank you very much for your attention.