



## Trade Debates - Liberal Voices Needed

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Ladies and gentlemen,

I'm delighted to be at the Friedrich Naumann Stiftung. It's good to be among fellow liberals. And it's especially good to talk to fellow liberals about trade policy.

Liberal ideas have been the basis for Europe's approach to trade for the last 60 years. We have consistently travelled towards more liberal approaches, and away from protectionism:

- Within Europe, towards the Single Market.
- And with the rest of the world, through the GATT, the WTO and bilateral and regional agreements.

I believe that liberal trade consensus still holds.

Just last Friday, the trade ministers of the European Union met in Brussels.

They discussed a document entitled "Trade for All" that we in the Commission proposed in October.

It sets out a new trade strategy for the EU and a new approach towards trade. But it is very clear that open markets must remain at its core.

The ministers endorsed it unanimously.

But, even so, it is impossible to deny that there is a major debate on trade going on across the European Union. And it's impossible to deny that the debate is particularly intense here in Germany.

We have seen tens of thousands of people the streets to protest the negotiations for a Trade in Services Agreement...

... and a Comprehensive Economic and Trade Agreement with Canada...

... and - above all - the Transatlantic Trade and Investment Partnership with the United States.

We see graffiti with their acronyms - TiSA, CETA and TTIP - all over this city and many others.

And we see a huge interest in all of those topics in the media - traditional and online.

For a liberal, it's easy to get disheartened in the face of these doubts.

But that is not what we need to do.

Instead we first need to listen to people. We need to understand their concerns. When we do, we quickly see that this is more complex than a simple rejection of open trade.

Second, we need to adapt our approach to address people's concerns. That's what we have done already in TTIP, TiSA and CETA. It's also one of the main aims of the Trade for All strategy. And doing so doesn't mean abandoning liberal principles. It means drawing on them to renew the case for open trade.

Third, we need to get out and make our voices heard. Even if it is not an easy time to stand up for the trade deals Europe needs, liberals - and those of all political families who share our views on open trade - need to join the debates.

I would like to say a few words about each of those steps.

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First, why is the debate so intense on these agreements in Germany and other parts of Europe? For three reasons.

First, some do doubt the economic case for open markets. But I believe this is actually the least important issue.

Because even the most sceptical opponents accept the fact that we live in an interconnected world.

This is a country in which 7 million jobs depend on exports outside the EU. That's one in every six jobs! Everyone has a friend or family member who benefits from trade.

And I think people also understand, perhaps to a lesser extent, that imports are also now essential for our competitiveness. 80% of our imports in the EU are either energy, raw materials, or parts and components. Jobs depend on them too.

But there are relevant economic critiques of today's trade policy.

One is the question, "Who is trade policy for?"

There is a perception that the main beneficiaries are the biggest companies and their shareholders. I do not believe that perception is justified by the facts - the 7 million export jobs alone mean that the benefits are more widely spread. But that does not mean we can't do more to ensure that smaller firms, workers in general and consumers gain too.

Another economic critique is about relevance:

- For example, the rise of the online economy has happened very quickly. Have our trade agreements caught up?
- Sometimes professionals need to travel across borders to sell goods or services. Do trade deals make that easier?
- And, more generally, in value terms services make up half of our exports. Is that reality reflected in trade policy?

All of these economic doubts need to be addressed.

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But they are only part of the trade debate and do not explain its high emotions. So we must look at other factors.

Which brings me to the second reason for our current discussion's intensity: how we negotiate.

The scope of trade agreements has expanded. The first modern free trade agreement between two countries - the Cobden-Chevalier agreement of 1860 - was simple, focusing on largely on tariffs.

As a measure of how simple it was, it only took a month to negotiate, quite a bit shorter than the epic saga of multiple marathon sessions we go through now!

Today's deals do much more:

- TiSA, CETA and TTIP all address a wide range of services.
- CETA and TTIP will deal with procurement, investment, and many regulatory issues.
- And TTIP aims to go farther on regulatory issues than any other trade deal.

In the past these policy areas were exclusively domestic. As a result they were decided through our open legislative processes.

But trade negotiations - like almost all international negotiations - have a tradition of confidentiality.

The clash is obvious. And it's why the issue of transparency is vital.

The final reason the debate is intense is the substance of these new issues. People are worried that if trade deals deal with issues like regulation on health, safety and the environment, the outcome will be weaker policies. That's also the logic of the concerns on investment protection.

Essentially, the fear is that if these issues are dealt with in trade agreements, the decisions made will be on economic grounds and therefore not respect the full range of European values.

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The question for those of us who take a liberal approach to trade is how to address all of these concerns.

The answer is to renew our approach to trade based on liberal traditions.

On the economics, that means sticking to our principles on open markets...

... but making sure we implement them in an effective way.

In Trade for All we make clear...

- ... that EU trade agreements will as of today do more to address digital trade, mobility and services in general.
- ... that we will focus more on making sure consumers can feel the benefits of trade agreements, including by more in depth impact assessment.
- ... and that we will strengthen the European Globalisation Adjustment Fund, which helps workers and communities adapt when competition causes job losses.

TTIP, TiSA and CETA also all contain significant measures to deliver effective economic results.

TiSA will make it easier for commercial services to flow between 23 major economies. That will be good news for big German services companies like Deutsche Telekom - and for the people who work for them. But, it will also be good for Germany's Mittelstand manufacturers who are also becoming service companies. When you sell a machine today you sell installation services, maintenance services and digital data services. TiSA will help that transition.

With CETA we are creating major opportunities for Europeans by making trade easier with Canada, an economy as big as Russia's. As of today CETA is the most advanced EU free trade agreement ever negotiated.

Just to give one example, CETA has the most effective rules on public procurement ever in an EU free trade deal. It will allow EU companies to compete for contracts not only with Canada's federal government but also with its provinces.

There are many examples of how TTIP, as the world's most advanced trade agreement will effectively bring economic benefits.

- By encouraging the US to use international standards it will help reduce costs for machine tools companies in North-Rhine Westphalia.
- By streamlining the way safety data is shared with authorities it will help medical device companies in Hessen.
- And by opening procurement markets and encouraging mobility, we are also helping start-ups in the information technology sector. I've just read about a small firm called Derdack in Potsdam that sells business process software that supports companies operating in 50 countries. They want TTIP because it will help them with issues like these.

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Negotiating agreements that effectively open markets is fully in line with the core liberal beliefs.

But liberalism is certainly not just a blind faith in economic freedom.

It's also about political freedom: democracy and the rights that democracy requires.

This is the basis for a liberal response to concerns about transparency and the consistency of trade agreements with European values.

So on transparency, the only liberal answer is: we need as much as possible.

Access to information about the political process is essential for democracy to work.

And that's why we have made TTIP the most open bilateral free trade negotiation in the world:

- We organise meetings with civil society before and during each negotiating round.
- We are closely monitored by national governments, national parliaments and the European Parliament.
- And - most importantly - we are publishing online the text of EU proposals to the US.

We have promised in the Trade for All strategy that this open approach to the negotiations now applies across the board.

It certainly applies to TiSA:

- where we have published our negotiating documents, including our overall offer,
- where we work very closely with the European Parliament and Member States,
- and where we have a regular dialogue with civil society.

And CETA illustrates another important point on transparency. Lawyers from both sides are still checking the agreed text for any errors. But the draft version has already been online for over a year!

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Our liberal principles also inform our efforts to ensure that trade deals are in line with our values. They tell us that we need to make sure there is no gap between the two. And that is our approach.

That's why we have made clear in Trade for All that when it comes to regulation:

- Nothing in trade deals will limit the EU's right to regulate in the public interest.
- No trade agreements will ever lower levels of consumer, environmental or social and labour protection.
- And any change to levels of protection can only be upward.

Beyond regulation, in all three agreements people have been concerned about public services like health, education and water.

So in all three agreements we have taken a clear line:

- Nothing will prevent Member States from organising public services the way they want to...
- Nothing will oblige Member States to privatise anything...
- And nothing will stop Member States from taking privatised services back into public ownership if that's what they want.

Finally, as regards investment protection, in TTIP we have completely revamped our approach.

We propose a new Investment Court System for resolving disputes between investors and states.

It protects investment against unfounded discrimination. But it also makes a clear break with the past: protecting the right to regulate; eliminating any risk of conflicts of interest; and making sure there is a possibility to appeal rulings.

It is a system that the public can trust. It also allows the EU to take a global lead on reform and opens the way toward our medium term goal: an international investment court.

The CETA chapter on investment was negotiated before the current TTIP reforms.

But it also meets many of the public's concerns. It has language on the right to regulate in the public interest, on complete transparency of the arbitration process, on a code of conduct for arbitrators and it has a reference to a future appeal mechanism.

A re-opening of the CETA negotiations is not in our interest. It would risk unravelling the agreement. But I believe that considerable fine-tuning can be done during the current legal scrubbing process. I hope we will make targeted adjustments that could largely meet any remaining concerns.

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Ladies and gentlemen,

What all of these efforts show, I believe, is that it is possible to have an effective open trade policy that also safeguards democracy and is in line with European values.

They also show that such a policy needs to be inspired by liberal principles.

But if we want it to succeed, we need liberal voices as well as liberal values.

I know it's not the easiest time to get out and defend your views, when many angrily dismiss trade agreements as wrong in principle.

But that is precisely the time when we need people to speak up the most.

And if liberals are not willing to stand up on trade, how will we stand up on the more challenging debates of today - like on migration or on security?

In these debates too people are saying that liberal ideas are out of place or a luxury we cannot afford.

But we know that our vision is vital to the preservation of an free, tolerant and prosperous Europe.

We must be prepared to defend it.