



Bringing EU Trade Policy Up to Date

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Cecilia Malmström, *Commissioner for Trade*

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Minister, Chairman Lange and other honourable members of the European Parliament, Ambassadors, ladies and gentlemen,

We're here today to talk about connections that trade makes between people.

- The connection between a worker in a factory making scientific equipment in the Czech Republic and a researcher in China using them for research.
- The connection between a man in Italy buying tea and the workers at the fair trade cooperative in Kenya that produced it.
- Or an even more complex connection: between a worker in a Japanese factory that makes car parts from rubber and plastic; another worker in Spain who integrates them into a finished car; and the woman who drives that car home in Turkey.

These connections are made by trade. Trade benefits people. It provides livelihoods for workers. It provides cheaper products and wider choice for consumers. And along the connections trade makes travel ideas, innovation and productivity.

The main decision we have to make in European trade policy is not therefore whether to encourage more connections like these.

The main decision we have to make is how best to do it.

With which countries and regions should we negotiate agreements?

How should we negotiate those agreements?

Who should be involved and how can democratic control be exercised?

What kinds of issues should trade agreements try to address?

Finally, how does our trade relate to the wider world? What about other EU values and objectives, like democracy and sustainable development? What about our domestic policies, like regulation?

These are the questions that I want the Commission to answer in the communication we will release later this year.

To do that we are working hard to analyse how the world has changed in recent years.

We are thinking about how economic forces and new technologies are changing the context of trade. How services is becoming an increasingly important part of trade and how the e-commerce is booming,

We are assessing how policy decisions taken by other economies affect what Europe is trying to achieve.

We are trying to understand better what people in the European Union think about trade today.

To do all of these things we need to learn from people affected by trade policy.

That is why we have been reaching out to stakeholders from all sides of the political spectrum over the last few months.

And it's why I am so pleased that we have such a broad range of views represented at this European Trade Policy Day.

You will notice that apart from this introductory session, there are no European Commission speakers on the panels.

That is a deliberate choice. We are here to listen and to record the different views expressed. That information will help us shape the policy.

To start things off I would like to share with you our thinking so far.

Let me start with three things we have already learned.

First, we've learned that trade is creating economic opportunities for people in the European Union and beyond our borders.

One in seven jobs in Europe depends on exports and they are better paying on average. We need more of these jobs. In the future 90% of world growth is going to happen outside our borders over the coming years. So we need to be there.

We know that trade agreements do bring benefits. Since the EU-South Korea free trade agreement entered into force in 2011 our exports are up by 35%. In some sectors, like cars, they are up by 90%.

And Korea is not a one-off success. Our draft agreement with Canada is just as ambitious, even on difficult topics like public procurement and geographical indications. And it is one of many more deals on the way.

Second, we have listened and learned from the intense debate about trade policy going on today.

We have heard the critique that trade policy is focused on the interests of big companies and not SMEs or the broad public.

We have heard that trade is difficult to understand because it is not sufficiently transparent, or because it is too technical and not properly explained.

We have heard that the wrong trade policy risks undermining regulatory protection of people and the planet.

We hear that trade policy is not aligned with the EU's core values and international objectives like human rights and sustainable development.

Not all of the criticism is founded in fact. But we need of course to carefully listen to all these concerns and take action when needed.

Third, we have learned that trade may not always live up to its economic promises.

The world has changed drastically. Today's global value chains connect economies more tightly than ever before.

To provide jobs in Europe, a company needs to move not just finished products, parts and equipment, but also information and people, efficiently around the world. Trade policy doesn't yet do enough to address this new paradigm and look at the issue of mobility.

Furthermore consumers are increasingly aware and informed about what they buy. They want to be sure that the products are produced under decent conditions, where people are paid a decent salary. Many surveys show that more and more consumers are also willing to pay more for fair trade products.

We've also learned that trade policy must be better implemented. For example, our agreement with South Korea eliminated many tariffs from the moment it went into force. But member countries do not fully use all the possibilities to benefit from the agreements. More shall be done to make sure the potential of trade agreements become a reality.

What does all this mean for an updated EU trade policy?

Obviously we are still working on the answers. This conference will help us find them.

But one thing is clear, the only measure of success will be whether an updated EU trade policy actually makes people's lives better. We will know if we succeed if we can broaden the constituency that support open markets.

Based on that, I believe we should look at three sets of actions.

First, we should look at the way trade policy is made.

It should become more inclusive.

We have already take steps to do this by opening up the Transatlantic Trade and Investment Partnership and the Trade in Services Agreement. Mandates and text proposals for these deals are now online. We are working very closely with the European Parliament and Member States. We are now looking at how to extend this openness to other trade negotiations.

Trade policy should also become more effective.

That means doing more for SMEs, which are the backbone of our economy, and the service providers of retail trade. We may also want to look at the TTIP precedent here. There we are negotiating a specific chapter designed to help them benefit.

It also means doing more for consumers. Are they getting their fair share of the cost reductions brought about by our agreements?

It means a new focus on full implementation of trade agreements. That's a joint task for the Commission and Member States.

And a more effective trade policy means tackling new types of trade barriers. We should improve access to imported energy and raw materials, including green goods and services; boost digital trade and make it easier to move key staff when necessary. People who provide the services, or who maintain the traded machinery or equipment must be able to move more easily.

The second set of actions I am considering concerns the values that we all share and which are at the heart of the EU integration process: human rights, labour rights, protection of the environment and development of poor countries and regions.

People must be confident that trade policy supports these values at home and abroad.

EU regulation and standards are an expression of our values. People are worried that our policies on investment protection and regulatory cooperation are undermining them.

We have already tried to make clear that this will not be the case! I believe the communication should make even more explicit that the EU social model is not in doubt.

On investment, I have proposed a deep reform of the current system. The communication should set out how we will take it forward.

I also believe we should find new ways to promote our values around the world, starting in our own neighbourhood.

Corruption is a serious problem for example. I've seen it clearly as Home Affairs Commissioner. I am exploring what more trade policy can do to tackle it.

I also believe we can do more to support responsible sourcing by our companies.

And I want the communication to make crystal clear that our agreements should fully support respect for inalienable human rights.

The third and final area I believe we should work on is bringing our negotiating agenda up to date.

The World Trade Organisation is one of the greatest achievements in international relations. But in recent years, with the slow progress of the Doha Round, it has moved away from the centre of trade policy.

The EU has a responsibility to address this; because we have a responsibility to the multilateral trading system.

This is about principle. The EU and the WTO are both founded on the idea of a rules-based international order.

It is also a practical issue. Trade rules that apply in 161 countries are much easier to use than a web of subtly different bilateral agreements. That's vital when global value chain cross many borders, not just one.

This communication should make this priority clear by backing our words up with action on the Doha Round and beyond. We need to prepare the ground now for a return to high-ambition rules negotiations at the WTO. We must also make sure that our bilateral agreements help strengthening the WTO.

In the meantime, we have work to do on those bilateral deals themselves. We must finish our ambitious agenda. TTIP and Japan are fundamental objectives. We are also close to a deal with Vietnam.

We now need to deepen our Asia Pacific strategy. That is the region where much of the world's growth is going to take place in the coming years, one third from China alone.

Australia and New Zealand are also important regional players. We need to step up our engagement with the whole zone.

Africa is also vital. Trade and investment can reinforce its growth to speed up poverty reduction. The conclusion of Economic Partnership Agreements has established a new dynamic partnership between our two continents, and paves the way for even closer cooperation. We must look at how the EPAs further can support African regional integration.

In Latin America we need to build on the network of agreements we have built over the last 15 years. I hope we will soon be able to start modernising our agreements with Mexico and Chile.

I highlight these three regions but of course there are many other partners – not least in our neighbourhood - that we will also have to address.

Ladies and gentlemen,

These are a few of our ideas. I look forward to hearing what you think about them and to have your input.

John Wayne once criticised a friend for being short on ears and long on mouth.

I'll try to follow his implied advice.

But let me just make one final comment:

For all the debate and discussion about trade policy today I believe there is in fact a fundamental consensus:

We all want a policy that supports jobs in Europe and around the world. That means opening markets to exports, imports, and investment, and making sure agreements are fully implemented and enforced.

We all want a tool that benefits consumers economically. That means also an ambitious and effective opening to trade.

But we also all want people - as consumers, workers or just plain citizens - to know their democratic choices are being respected. That means a transparent trade policy that protects the right to regulate.

And we want a trade policy that's in line with our shared democratic values and promotes them around the world. That means we must act to promote everything implied in the well-worn phrase, "sustainable development": human rights, labour rights and a clean environment alongside economic growth.

These goals can be summarised in one. Trade should be a tool to shape globalisation. We need to find ways to enhance its effectiveness and its legitimacy for the coming years.

Your work today is a vital part of that process. But it is only the start of the conversation. Once the communication is adopted, we will need your input to our debates with the European Parliament and Council. And most of all we will need to hear your views and voices as well as those of national parliaments and European advisory committees as we move ahead with our work in the coming years.

A trade policy for all implies a constant conversation with all those who have a stake in it. We are willing to provide our half. I hope you will add yours.

Thank you.