



Trade and Global Challenges

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Paris, 100th Anniversary Conference: Swedish Chamber of Commerce in France

Ladies and gentlemen,

I'm delighted to join you for the 100th anniversary of the *Chambre de Commerce Suédoise en France*.

Your organisation embodies the long and close relationship between Sweden and France that has existed for centuries.

I'm happy to say that the first treaty between Sweden and France - signed 500 years ago - was a trade agreement. Among other things it allowed the Swedes to export their herring and the French to export their wine. Our trade relationship has changed a little since then but it's good that we got the fundamentals right at the beginning!

But maybe the most relevant bit of Franco-Swedish history for the day that the climate talks open here in Paris is this one. Anders Celsius - a great Swedish scientist - worked for a time here in Paris, cooperated with French scientists throughout his life and was rewarded with a pension from Louis XV. He also invented the Celsius temperature scale. So as our leaders do their best to reach the 2 degree target - they have Franco-Swedish cooperation to thank for the way they measure it!

But the fact that we are meeting on such an important day for the future of our planet brings home just how difficult our times are.

The climate and environment is just one challenge. That we meet in Paris sadly also reminds us of the challenge of eradicating terrorism.

And these are just two of many. Another is securing the economic future of people our home in the European Union and in the wider world - particular for those living in poor countries.

It's easy to see these challenges as daunting, and some may be tempted to see them as insurmountable.

But the fact that we are here for your 100th year anniversary should give us hope. In 1915 the First World War was raging in Europe, North Africa and the Middle East. The seeds were being sown for a second global conflict which began less than 25 years later.

And yet the last century also gave us immense progress:

- the Universal Declaration of Human rights, women's suffrage and the expansion of civil rights more generally...
- ... the achievement in the West of the highest living standards the world has ever seen...
- ... and in recent decades the incredible economic changes in developing countries that have lifted hundreds of millions out of extreme poverty.

So, though we may live in 'interesting times', we must never forget that we have the capacity to address our challenges...

... provided we bring clear-eyed analysis, determination and creativity.

That goes for civil society, for business and for government. It goes for all sectors of the economy. And it goes for all areas of public policy.

As the European Union's trade commissioner, I believe that trade policy has a responsibility to help solve our challenges.

And I believe that the right kind of trade policy also has the capacity to do so. In October, we in the European Commission set out a new trade strategy that will help us do that, in three ways:

First, our new approach makes sure we use trade as a tool to foster prosperity in Europe. With over 20 million unemployed, we have still not recovered from the crisis. We must provide economic opportunities for our citizens.

Second, the right kind of trade policy is also a tool to promote growth and development, particularly in the poorest countries. Tackling extreme poverty in the developing world is vital for addressing challenges from migration to political instability and violence.

Third, a modern trade policy also goes beyond economics. It must be in tune with Europe's values. And that means it can also help us reach key global objectives like better protection of human rights, labour rights and the environment.

Let's start with economic growth at home.

Trade is more important than ever for the European economy.

- 90% of global growth is expected outside our borders in the coming decades. We have to be connected to it. And trade provides that link.
- 31 million European jobs - almost one in seven - depend on our exports around the world. And those jobs depend on our own Single Market by the way. For example, Sweden's exports outside the EU support 14,000 jobs in France. And France's exports support 7000 jobs in Sweden
- The benefits are not just from exports. 80% of our imports are used in the production of other goods and services. They are vital to the competitiveness of millions of companies in Europe.

That is why Europe has a longstanding overall policy of economic openness.

But as we prepared our new strategy we also saw that the economy, and trade's role in it, was changing:

- Global value chains are now a central part of the European and world economies.
- Services are growing in importance for international trade.
- Digital services in particular have a new role in our daily economic lives.
- And we increasingly need qualified people to cross borders in order for international trade to happen.

Europe's trade policy - if it is to be effective at delivering growth and jobs needs to address these kinds of issues.

We also saw that there is an intense debate on trade policy going on in the European Union. It's focused on the Transatlantic Trade and Investment Partnership negotiations with the United States but it also goes broader.

One of the main questions being asked in that debate is "Who is trade policy for?"

There is a widespread concern that trade policy is more about the large companies and their investors than about individual European citizens. We need to address that.

So we are now aiming for a trade policy that's more economically effective in several ways:

- Trade policy will become more effective because it will tackle today's barriers. EU trade agreements will focus more on services, on digital trade, on mobility.
- We will also become more effective at making sure everyone gets their fair share of the benefits.
 - We will better analyse impacts on consumers.
 - We will include tools - particularly information tools - to help smaller firms take advantage of agreements.
 - And as well as the jobs linked to trade, workers will benefit from a review of the Globalisation Adjustment Fund to make it more effective.
- Furthermore, we will become more economically effective by targeting our negotiations correctly:
 - That means continuing to prioritise the World Trade Organisation. In just under two weeks I will be traveling to Nairobi where I hope we will have an ambitious deal.
 - It also means we must make sure our bilateral agreements can be tools to support the multilateral process in the long term. That's why we have announced that our future agreements, starting with TTIP - should be open for others to join if they meet the level of ambition.
 - It also means, of course, completing the major ongoing bilateral negotiations - including TTIP, Japan and the China investment talks.
 - And finally targeting negotiations effectively also means opening the door to new negotiations- including several in the vital Asia Pacific region like Australia and New Zealand - as well as modernising several existing deals, such as with Turkey, Mexico and Chile.

That's what trade policy is doing to create economic opportunities in Europe.

We are also working to use trade to support economic growth and development around the world.

If you have any doubts about this question, just look at the best examples of development in over the last decades. The countries who have had the most success grew as they expanded their exports and gradually opened up to more imports.

The EU is already at the forefront when it comes to using trade policy to foster development.

We are the most open market for developing countries' exports. Since we put in place the Everything But Arms initiative in 2001, there are no quotas and no tariffs on the exports of the world's least developed economies to the European Union. As a result, energy excluded, we import more from these countries than the US, Canada, Japan and China put together.

On top of this we also offer easier access to our market for middle-income countries, targeted at areas where they are most needed. And we are putting in place a comprehensive set of Economic Partnership Agreements with over seventy countries. These offer full access to the EU market and also foresee the kind of gradual, staged opening on our partners' part that can help spur development.

The EU is also the largest provider of Aid for Trade - to the tune of 11 billion euro per year. That money supports physical infrastructure like ports and border crossings. But it also supports programmes to build technical capacity by training customs officers or helping companies meet international food safety and environmental standards.

In our new trade strategy we promise that the EU will intensify its work to put trade policy at the service of development. For example, just last week we announced that we will be prepared to offer trade preferences for services as well as for goods to the poorest countries. And we are working to ensure that the Nairobi WTO ministerial will agree to a new global package of measures to support LDCs.

The final set of global challenges that trade policy can help us address goes beyond economics altogether.

What our recent debates on trade in the EU have shown is that people want a trade policy that is in tune with European values.

That means of course not undermining values at home. As trade policy becomes more involved with regulatory policies in order to open new markets, we must always respect the objectives of that regulation.

I've made a clear pledge:

- Nothing in trade deals will ever limit the EU's right to make policy 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.

I've also proposed a reform of the current system of investment protection agreements...
... and brought unprecedented transparency to our free trade agreement negotiations.

These new approaches are essential. They ensure that trade and policies to ensure sustainability at home work hand in hand. They also help provide confidence in the trade policy process.

But a values based trade policy also creates an opportunity for trade to support broader objectives like human rights, labour rights and environmental protection.

Take the negotiations for a WTO agreement on environmental goods and services. They aim to support the climate work starting in Paris today by eliminating trade barriers on products that provide renewable energy and encourage energy efficiency. That lowers their cost and makes widespread adoption cheaper.

Or take our initiative to improve conditions in garment factories in Bangladesh. We are using the influence we have as the biggest buyer of clothes from that country to put pressure for change. And in our new strategy we commit to using our influence where it will be most effective as a lever to increase respect for human rights, labour rights and the protection of the environment.

Finally take our efforts to ensure respect for the core labour standards of the International Labour Organisation – like the right to form unions ...
... and for international environmental treaties on issues like transport of hazardous waste and the protection of endangered species.

We use our free trade agreements to achieve this. Our partners commit these key international principles and to strict monitoring procedures to ensure progress is being made. We also link many of the same conventions to the preferences that we offer to developing countries. The more they are willing to do, the more access they get to the European market.

In our new trade strategy we aim to make all of these provisions more effective by, for example, taking better care of implementation and working with international partners.

Ladies and gentlemen,

I want to be very clear on one thing.

I'm not saying trade can solve all the world's problems.
It cannot.

But it can help us provide prosperity to our citizens, promote development around the world - along with the political stability that goes with it - and support broader objectives like human rights labour rights and environmental protection.

That's a contribution we have a responsibility to make.

And as we do so we can be inspired by a final Franco-Swedish connection.

Alfred Nobel was a businessman. But with his will he aimed to use his fortune to promote scientific culture and political advancement. I think we can agree his legacy has had some impact.

Where did he write that will?

Paris.

So the standard is set very high for the results of this Franco-Swedish conference today.

I wish you the best of luck with it.
