



EU Trade Policy and the Retail and Wholesale Sector

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Ladies and gentlemen,

Thank you so much for inviting me to join your meeting.

Talking to organisations like yours is very important for our work on EU trade policy.

Nobody knows better than you the benefits and the challenges of globalisation, the functioning of global supply chains and how to bring together producers and consumers all around the world.

So I'm looking forward to hearing your views, and your concerns.

But I would also like to give you an overall sense of what the EU is trying to achieve on trade policy...

... and what you can do to support this work and how we can support your work.

The companies you represent benefit enormously from the EU's open and active trade policy. But it has not always been that open, years ago half of the EU was behind a wall, with no trade, no tourism, and no movement of people. Twenty years we also imported almost nothing from China, Bangladesh, Cambodia... The EU and the world have changed, for the better.

The primary task of EU trade policy is to negotiate trade agreements that connect Europe to the world economy by making it easier to export, import and invest. This has become increasingly important for Europe's vitality as an economy.

31 million jobs in the EU depend on exports outside its borders, one in every seven.

Imports also support jobs in Europe. We don't have precise figures for how many but it may be as many as jobs involved in exports. But I think you will agree that a huge proportion of the European jobs in your sector would simply disappear if we were to close our borders. Because your businesses depend on the EU's openness to trade more than most.

You are also exporters of services through your investments abroad. Auchan operates in Taiwan, Lidl in the United States, and Ikea, well, just about everywhere! And I know you could share many more examples.

So you have an interest not just in keeping the EU's market open but also in the access to foreign markets that our trade deals provide.

But you also have another very useful perspective on trade. Because, you are experts in consumers' attitudes and needs.

And you have seen their tastes change to favour responsibly produced goods and services. Increasing numbers of people today want to be reassured that their economic gain does not require us to abandon our principles.

They need more from their retailers than the old strategy of, "Pile 'em high, sell 'em cheap."

They need more from trade policy too.

They are happy with the increased choice and lower prices that openness to trade has brought. But they don't want to support unscrupulous employers in Bangladesh, destroy the environment in Cambodia, or fund violent rebel groups in Democratic Republic of Congo. They also want to be sure instruments and products for death penalty or torture are not sold in your shops or transit through your warehouses.

They are happy with the job opportunities supported by new export markets and foreign direct investment. But the EU has one of the best product safety environments and consumer policies and people don't want trade and investment agreements to weaken these policies. That's why we have such an intense debate on trade across the EU right now.

Today's EU trade policy is a response to both of these realities. The EU internal market of 500 million people is the largest consumption market in the world. This position gives the EU leverage to negotiate with the rest of the world it also implies a strong responsibility.

So EU trade policy can...

- Maximise prosperity in the EU and in our partner countries through the right terms and rules...
- And defend and project European values like respect of labour and human rights, environmental protection, the development of poor countries, as well as high quality regulation and public services.

We are achieving this first of all through our ambitious trade agreements.

That work starts with the **World Trade Organisation**, the indispensable backstop of world trade liberalisation.

Today you hear a lot of scepticism about the WTO's effectiveness. But the reality is different. The WTO's achievements include:

- The 2013 Trade Facilitation Agreement, which will mean smoother and cheaper customs procedures around the world.
- Last year's expansion of the Information Technology Agreement, which eliminate tariffs on products like video games and consoles, home hi-fi systems and headphones.
- A ground-breaking deal to eliminate agricultural export subsidies, which will support development.
- Advanced negotiations for an Environmental Goods Agreement, that would also eliminate tariffs on a broad range of products between major economies. But here, the real values-based goal is to reduce our environmental footprint.
- And outside, but in parallel to the WTO's work, advanced talks for a Trade in Services Agreement between a broad range of economies - where we want to see improved commitments on distribution services.

Most importantly, we have opened the way to a new framework of discussions so that the WTO's address the big issues affecting today's economy. Not the least of is e-commerce. E-commerce is growing at light speed, with no international framework. We need a contemporary global agenda to keep the expansion going and support digital trade.

In addition to the WTO, are building a comprehensive network of bilateral trade and investment agreements.

- We have over 30 agreements in place covering over 60 partner countries, including South Korea, Mexico, Colombia, Peru and South Africa.
- We have 7 more agreements concluded that are in various stages of ratification and cover a further 31 partners, like Vietnam and Canada.
- And we are working on almost 20 other agreements that cover more than 50 countries. Among them are the US, Japan, the Mercosur countries, Indonesia and soon Australia and New Zealand. We are also negotiating a major investment agreement with China.

There are too many of these to go into detail. I'm sure we will come many of them in the discussion. But I will say a few words on two of them.

The first is the Transatlantic Trade and Investment Partnership with the United States or TTIP.

Around €2 billion of goods and services crosses the Atlantic every day. An ambitious TTIP agreement could boost trade flows by roughly a third.

TTIP also has the potential to support our values agenda, notably by uniting the approaches of the world's largest economies on key questions like how to support sustainable development in trade agreements.

The EU is therefore committed to a high-standard agreement. But that question of quality is essential. The most basic rule of trade negotiations is that what matters is the outcome, not artificial deadlines.

And right now there is a gap between what we need to see and what is on the table...

... on our economic interests like public procurement...

... but on our values agenda like enshrining the right to regulate in the public interest into the provisions on investment protection.

Nonetheless we are working to make as much progress as possible with the outgoing US administration. The goal now is to consolidate the good work to date and be ready to restart once the transition is over.

The other agreement I want to highlight is the Comprehensive Economic and Trade Agreement with Canada, CETA.

This agreement is hugely important as well.

We believe it's the most economically effective and progressive trade agreement ever concluded by the EU.

It's going to remove tariffs worth 400 billion euros from day one of its...

... facilitate trade in services...

... and make it easier to export our competitive agricultural products, while protecting our sensitivities.

And on the progressive side it includes the new EU approach to investment protection, defends public services and supports cooperation between the EU and Canada on sustainable development.

We have to make a decision on CETA very soon. In my view this deal is of such high quality that it needs to be passed and put into practice as soon as possible. Because if the EU can't approve CETA, that raises the real question about what other deals we will be able to pass?

The second plank of the EU's trade work is about ensuring a level-playing field through our system of trade defence instruments. I know that you may not be the Europe's greatest supporters of anti-dumping.

But the fact is that this work is simply vital.

Trade defence mitigates the instability that sometimes unavoidably arises in a global economic system. Like traffic in the streets, you need signs and traffic lights for everybody's safety. The rules must apply and be respected by all; and if someone does not respect the traffic rules or speed limits, then they must face the consequences. Anti-dumping is to trade what speed cameras are to traffic: not very popular but if fairly used, then very helpful.

You've all heard of the butterfly effect, which can mean small changes in policy or economic conditions in one place have a much larger impact on the other side of the world.

Well in trade defence often we're not dealing with a single butterfly but a herd of elephants. For example, our steel sector is trying to cope with massive global overcapacity founded on massive government subsidisation, largely in China, that has led prices to fall by 40% in recent years.

Those aren't just numbers. They represent workers and communities - our values are at issue here.

So trade defence instruments are a vital part of the equation that produces an open trade policy. Without this ability to mitigate disruption, support for open policies would be severely weakened.

However, we also must avoid unnecessary disruption of our connections to the rest of the world. So it's also essential that these tools work in a transparent and predictable manner. We are working to make them even more so.

For example, this year we began publishing executive summaries of requests for new investigations and reviews of existing measures. This gives users of the products a heads up, early in the process.

We're also setting up an online system that will help keep all stakeholders in trade defence cases properly informed of developments.

Furthermore, our proposed modernization of trade defence instruments is a balanced reform that includes elements to take this further. For example the Commission proposal would allow for early warning of importers before final decisions on applying duties are taken.

You will also be interested in the question of how the EU will treat Chinese exports in anti-dumping investigations after the 11th of December.

As you may know certain provisions of China's Protocol of Accession to the WTO expire on that date.

It's important to understand that the issue is not whether or not China is a market economy. We all know China is not a market economy. What is at stake is how to calculate dumping rates in anti-dumping investigations.

We hope to make a targeted proposal that address the new situation soon. We are working towards a system that will ensure a level playing field and also takes account of the importance of open markets and our relationship with China.

The final area of our work I want to highlight is the many ways we support **responsible supply chains**.

First, we have recently reached a political agreement on an EU framework to ensure due diligence in the supply chains of so-called conflict minerals.

This will help to make sure we put mining revenues in countries like Congo at the service of development, not rebel groups who violate human rights and fight needless wars.

Second, we also have innovative partnerships focusing on labour rights, and in particular on safety at work such as the Bangladesh Compact or the Myanmar Labour Rights initiative. This is part of our trade and development agenda, where we allow developing countries to export at low or no tariffs into the EU, in exchange for improvements in human rights, labour conditions and environmental protection. Developing countries that wish to gain free access to the EU market can benefit provided they ratify and implement certain international conventions on labour environment and human rights protection. It is the 'carrot' policy, and incentive approach to improve.

Third, we are working to promote fair and equitable trade schemes. We do this through development cooperation, supporting training of producers organisations. We also want to raise awareness among consumers and other stakeholders, including organizations like yours. To do this, we have now begun preparations for a new award for an EU City for Fair & Ethical Trade.

All of this work benefits your members as well. The more that the products we import from around the world live up to the values we aspire to, the happier your customers will be.

Across all of these dimensions, negotiations, trade defence and responsible supply chains, we need your voices.

- We need to hear you supporting the conclusion of ambitious trade agreements like CETA.
- We need to hear you supporting reasonable and effective compromises between competing interests on trade defence.
- And we need you to be champions of responsible supply chains. We need your support for EU initiatives. And we need you to work on your own initiatives to source responsibly.

All of these actions are key to ensuring ongoing support for the open markets that are so vital to Europe's prosperity.

I hope we can count on you.

Thank you very much for your attention.