



EU and New Zealand: Partners in Global Trade

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Speech by European Commissioner for Trade Cecilia Malmström

New Zealand Institute of International Affairs

Ladies and gentlemen,

I am very happy to be here today, it is an honour and pleasure. Thank you very much to the New Zealand Institute of International Affairs and the European Union Centres Network for inviting me.

New Zealand and the EU have always had strong relations. We have a long history, shared culture and most importantly, common values. We can see examples of these shared values simply throughout your history.

In the EU – and in particular my home country of Sweden – we believe in gender equality. In New Zealand, not only were you the first country to give women a vote – I believe you recently celebrated its 125th anniversary – but you led the way by at one point having women hold all the top positions:

- Helen Clark as Prime Minister,
- Dame Silvia Cartwright as Governor General,
- and Sian Elias as Chief Justice

And of course not forgetting the current Prime Minister!

In the EU, we believe in labour rights. Everyone at work should be guaranteed health and safety, equal opportunities, protection against discrimination and robust labour laws. Again, New Zealand was a trailblazer in this area. New Zealanders were among the first to campaign for, and achieve, an eight hour working day.

In the EU, we believe in protecting of the environment. We have high environmental standards and are committed to the Paris Climate Agreement. I was impressed to see that New Zealand has committed itself to being nearly entirely renewable energy dependent by 2025. Once again we hope to see New Zealand leading the way with a progressive, forward-looking agenda.

These are only some of the reasons we are natural trading partners. These days all of the EU's agreements include provisions on human rights, labour rights, the environment, and much more.

A trade agreement between us will mean prosperity and it will also be a signal of our shared values. And if economic prosperity and building a better world were not enough, there are important strategic reasons for this agreement too. We formally launched the FTA with Minister Parker and will start negotiating in couple of week.

A CHANGING WORLD

Both New Zealand and the EU recognise that the world is changing. A lot of these changes are for the better:

- Poverty is at an all-time low,
- Child mortality has plummeted,
- And the number of democratic nations is the highest it's ever been.

It is important to remember this. But with achievements come new challenges; threats to the environment, global conflict, inequality and mass urbanisation to name a few.

The challenge that most concerns me as Commissioner for Trade is globalisation. In the 20th century, the Western world was dominant. We were in this position because we welcomed science and technology, but now as this knowledge becomes ubiquitous things are changing. In the coming years, the vast majority of global growth will occur outside the West – much of it in Asia. And the dominance of the West is already being transformed by an increasing importance of the Asia-Pacific region.

We know it, and you certainly know it. One of the great challenges for New Zealand, the EU and our allies in the 21st century will be adapting to these shifts – and indeed, where possible turning them into opportunities. The question is how.

The way the EU does this is by opening up and cooperating with other countries. In this way, we seek to:

- Build mutually beneficial relationships,
- Establish rules,
- And enforce them to create global order.

This is how we plan to shape globalisation and the world in the 21st century. But not everyone agrees with us – some would rather close up in the face of these challenges, they want to hide behind borders and cut themselves off.

NEW ZEALAND-EU TRADE AGREEMENT

Globalisation is happening. The EU responds to these challenges and opportunities – we meet them head on. We already engage in a lot of trade in the Asia-Pacific region. And we want New Zealand to be a part of that. For the EU and New Zealand, there is a lot to gain from further cooperation.

The EU is New Zealand's third largest trading partner after China and Australia. Last year the trade between EU and New Zealand was worth well over 20 billion dollars. And this is the situation without favourable access to each other's markets.

An agreement between us would boost this further – by about a third according to estimates. Even as we speak there are fruits, dairy products and wine leaving New Zealand ports for Europe. On the way they will pass cars and medicine on their way from the EU. With a good agreement in place we could increase this kind of trade. And it's not just trade in goods and services where we stand to gain – the EU is a large foreign investor here. The EU has been a source for almost 18 billion New Zealand Dollars, in foreign direct investment.

There are many reasons the EU seeks closer ties with New Zealand. We are developed and growing economies. We want smart, sustainable and inclusive growth. We both have high standards in labour and the environment. We believe in health and consumer protection. And we are committed to open, fair and well-regulated markets.

And indeed, all of our agreements these days include chapters that cover these topics. This is what Trade and Sustainable Development is all about. These things are included in all our recently concluded trade agreements.

By coming together in trade negotiations the EU and New Zealand are sending a signal:

- That we are open, outward-looking traders.
- That we are not giving into the politics of fear and closing.
- **And that we stand against uncontrolled liberalisation, unilateralism and the temptation of protectionism.**

CIRCLE OF FRIENDS

And the list of friends standing up for fair, open and rules-based global trade is growing. You can tell by looking at the EU's recent trade agenda. We have concluded an agreement with Japan. It not only eliminates tariffs, but includes specific provisions on topics like:

- Corporate Governance,
- Small and Medium Enterprises,
- and doing away with costly non-tariff barriers to trade.

We have an agreement with Canada now in force. It is a progressive agreement with a very ambitious Trade and Sustainable Development chapter. It commits us and our partners to high standards in human rights, transparency, environmental protection and labour rights.

We upgraded our old agreement with Mexico to the point where it's basically a new agreement. An agreement for the 21st century, that includes topics like intellectual property and services, and it reflects our values with our first ever chapter on anti-corruption.

Elsewhere in Latin America we are negotiating with Mercosur. We are making good progress in these negotiations, but we still need time. We do not want a fast deal at the expense of a good deal. If trade is going to work, it needs to work for everyone.

Our list of agreements now includes Singapore and Vietnam. We are negotiating agreements with other ASEAN countries too. And soon we will have a deal with Chile. For the first time we have a specific chapter on gender.

Trade and society at large are changing, and we want our agreements to reflect that. **Trade needs to work for everyone.**

Every negotiation concluded sends a message to the world. The EU and its partners are coming together to:

- shape globalisation,
- stand up for open trade,
- And to agree on a rule book that's fair and works for everyone.

And we will need many allies to help us in pursuing these goals.

MULTILATERALISM

Despite our busy bilateral negotiation agenda, **we still believe that the WTO is the fairest and best system for trade.** It is also the best way to establish our long-term interests in global trade. A strong, rules-based approach to global trade:

- stands against protectionism,
- ensures a fair environment for all businesses to operate in,
- and creates prosperity by opening up markets worldwide.

But the system is currently threatened – and we need to stand up for it.

We must reform the system and address the longstanding transparency problems. We need to make sure that one or two countries cannot block initiatives in the WTO. The EU has already taken up the role of lead reformer in some areas. And in the field of e-commerce, we have 80 countries that want to cooperate further and create global rules to facilitate this.

Many in the international community are looking to the EU these days. We are building consensus to move forward with these reforms. However, the challenges in the WTO, very important ones, are compounded by recent US actions. For instance, the US is now blocking nominations to the Appellate Body. We need for the WTO dispute settlement system to work, otherwise the rulebook is meaningless.

US AND CHINA RELATIONS

The recent US moves imposing tariffs on steel and aluminium compound the problem. The tariffs are an illegal move and threaten to destabilise the WTO. Also, it is frankly ridiculous that EU steel is considered a threat to US national security. As longstanding allies of the US we were disappointed, but not surprised.

We did everything we could to avoid this situation, but now we have no choice but to respond. The EU has a responsibility to stand up for open global trade. Our response will have to be proportionate, reasonable and intelligent.

We hope that our partners in the US will soon see that trade can be a win-win. **Trade is not a zero sum game.** The rise of some does not mean the decline of others. As more parts of the world get richer, the more we all benefit. In pursuit of this, multilateral rules are an opportunity, not a hindrance.

We should all be working together to encourage China to take up its responsibilities at the WTO. If China wants to be considered a global player, they need to be a member of the global community. Rights come with responsibilities. The more that China and others take up these responsibilities, the stronger the multilateral system will become. And if we can guarantee the multilateral system, we can guarantee a stable future.

CONCLUSION

Ladies and Gentlemen, The world is changing. Both New Zealand and the EU need to be ready for that. At home we can do that by moving up global value chains, and cooperating with partners to bring about new opportunities. On the global stage we can do it through building and maintaining a solid, rules-based system that is fair and works for everyone.

We are convinced that the EU and New Zealand can be partners in this. Our shared values, progressive worldview and global outlook make us natural partners and friends. We can support each other and learn from each other, and a progressive trade agreement will be the next step in this.

That's why I am so happy to be here to start negotiations on this agreement together with Minister Parker today.

Thank you.