

## **Check against delivery**

# **Opening Remarks Hearing of Cecilia Malmström European Commissioner-designate for Trade Brussels, 29 September**

*10 min*

Honourable Members,

It's an honour and a pleasure to be here as the Commissioner-designate for Trade. I hope that you will be able to support my candidacy, because working on these issues is a longstanding dream of mine.

International trade and investment touch on so many aspects of people's lives around the world. Trade also clearly shows the added value of Europe working together.

Fighting for democratic freedoms, transparency and accountability has been the cornerstone of my political career, in this Parliament, in the Council and in the European Commission.

I would like to bring that same commitment to trade policy.

A trade policy inspired by democratic values would have a simple goal: to improve people's quality of life.

I know that trade can do that:

Historically, trade has been an important part of our economic success. It has given Europe some of the highest living standards in the world.

Today, it is helping drive economic recoveries in countries like Spain and Ireland. And those recoveries are giving hope to many unemployed people that they may soon be able to get their lives back on track.

In the future, trade will become even more important for European jobs and growth. As the world economy has become more connected, more and more people depend on trade for their livelihoods – some 30 million in Europe today. This will only increase as emerging economies become more successful. The more growth that happens outside of Europe's borders, the more important it is that we have access to those markets.

That growth shows trade's power as a tool to fight poverty globally. Hundreds of millions of people have been given the possibility of a better life in recent decades thanks to trade. I have seen in my current work as commissioner for home affairs how important trade is for giving people a real chance to support their families from where they live, meaning they are not forced to leave them behind in order to migrate for economic reasons.

Finally, trade also brings people together on a human level, allowing for increased contacts between people and the exchange of ideas.

So there can be no doubt that trade responds to people's needs for a secure future, all over the world.

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But that does not mean that open markets are an end in themselves.

They are merely a means to an end.

That is why trade policy cannot be motivated by narrow vested interests, whether those interests want to protect or expand their markets. It must instead be about advancing the broad interests of our whole society.

If confirmed as Trade Commissioner, I will assess all the EU's current and future action using the following principles:

- First, trade policy must be driven by the interests of citizens. That means we must be ambitious in our negotiations if we are to create jobs and growth. But trade policy must also be part of a wider set of domestic policies to support growth. We need to help workers make the transition from the few sectors that find new competition too tough, into the many areas that benefit from the new opportunities increased trade provides.
- Second, trade negotiations should be open and transparent, to allow all interested people and groups to understand what is on the table and express their views.
- Third, trade policy is about cooperation, but also about backbone. I will make sure that Europe stands up for its interests in trade negotiations:
  - That means ensuring trade agreements support rather than weaken protections for the environment, labour rights and human rights in general;
  - It means securing reciprocal economic concessions from our negotiating partners;
  - And it means enforcing the rules, including on anti-competitive practices.
- Fourth, trade is a powerful foreign policy tool. It must support Europe's wider international goal: promoting our values of peace, freedom and democracy throughout the world.

I will apply these four principles across the board:

... to our work in the World Trade Organisation. As a liberal, I am an instinctive multilateralist. I am convinced that, despite its current real difficulties, the WTO can, and must, deliver results – for rich and poor countries alike. The multilateral agenda will be a priority.

... to our agenda of ongoing bilateral trade negotiations. (That goes for Japan, but also other key economies in Asia and Latin America. It also goes for the way Parliament, Commission and Council approach the trade agreements that we have already concluded, or where negotiations have ended, like with Canada.)

... to our relationship with China, our second largest trading partner. This must be based on cooperation as well as following the rules of the game to achieve a level playing field.

... to our efforts to promote development, including to the new strategic partnership with Africa as called for by President-elect Juncker;

... to our own neighbourhood, which has shown us how directly linked trade, geopolitics and fundamental principles can be.

But if there is one area where the next trade Commissioner will need to be particularly vigilant, it is the Transatlantic Trade and Investment Partnership. TTIP is our most demanding negotiation, and is certainly the most debated by the public.

Over the last several years I have been following these important talks from a distance. (- as a member of the College of Commissioners, but also in the newspapers, through meetings with many people and in the discussions in this house. )

I have been amazed by what I have heard.

I expected to hear about the 2 billion euros traded every day across the Atlantic...

... And about how the untapped potential of the relationship means an agreement like this can create new opportunities. Most of all the opportunity to put our trade agenda at the service of our collective efforts to put Europe's economy back on track and create new jobs (and possibilities for people).

But instead, I hear claims that the Commission is negotiating lower safety standards for food, restricting Europe's ability to regulate on health and the environment, and that we are doing this through secret backroom negotiations.

I know that this is not the case. However, I do hear those concerns. And I do think people need reassurance and deserve a dialogue.

So I have spent the last weeks looking into this negotiation.

I believe that we need a fresh start on the Transatlantic Trade and Investment Partnership. And I have come to the following conclusions:

First, TTIP has significant potential to create jobs and growth. To seize it we need an ambitious agreement on tariffs, services and procurement and to come to a number of concrete, practical regulatory solutions. We need to get this deal right, so substance must prevail over timing.

Second, on the regulatory part of this negotiation, the EU's position is firm. Levels of current protection cannot and will not be lowered; decision-making power for new regulation must stay under existing European democratic control.

Trying to find a common approach to health, environment, labour, consumer safety and financial risks cannot be about lowering standards, but about avoiding extra costs... the costs entailed for example in the duplication of factory inspections and unnecessary divergences of approach. (I will never trade Europe's level of protection when it comes to environment, health, or consumer standards against economic concessions.)

Third, there is a strategic dimension to the regulatory work, if the world's two biggest traders manage to agree standards; these will be basis for international cooperation to create global standards

Fourth, investment, and in particular investment arbitration, or ISDS.

I have been struck by the intense concern that this issue has raised in the context of TTIP. (Several of you have already raised these concerns with me during our preliminary discussions.)

Let me first make a more general statement on the question of investor-to-state dispute settlement, or ISDS. It is in my view possible to design such a system in a way that it addresses all people's concerns. We must continue to set unambiguous rules to avoid the abuses of ISDS that many worry about, to bring full transparency into the system, and – most importantly – to ensure that ISDS cannot be used to inhibit the right to regulate in the public interest. This must remain our guiding principle in all future negotiations. In my view, this is what the Commission has done with the CETA agreement which will be submitted to Parliament and Council for approval next year. By the way, last Friday I ensured that the entire text was posted on line, on DG Trade's website.

On TTIP, specific public concerns have been raised about the idea of it possibly including ISDS. (The intensity of the ongoing public debate illustrates this – and) this is why the Commission had decided to freeze that chapter. In his political guidelines, President-elect Juncker committed himself in front of the European Parliament plenary on 15 July not to accept that the jurisdiction of courts in the EU Member States is limited by special regimes for investor disputes. He underlined that the rule of law and the principle of equality before the law must also apply in this context. There can be no doubt that as Trade Commissioner, I will live up to that commitment. We are in a broad negotiation and this issue is on the table. It will have to be addressed. As to our position, we have engaged in a public consultation on the future of investment protection. We shall see what concrete proposals can come out of this. For the moment the ISDS chapter is frozen.

Fourth, I will take the first months of the new term to make a political assessment of our objectives and our progress, on the basis of the existing negotiating mandate. I will present the results of my assessment to you and Member States by the end of the year.

However, in one area in particular, I must address people's concerns now.

That area is transparency. We must demonstrate that we are not negotiating a secret deal behind the public's back. The Commission has already made considerable efforts here but I will insist that more is done. If Parliament confirms me as Trade Commissioner:

I will ensure greater transparency on the EU proposals in the different areas of the TTIP negotiations.

I will, as President Juncker has asked, publish lists of my meetings with stakeholders. I also intend to continue my current practice of publishing a large part of my correspondence with outside organisations.

I will make engaging directly with civil society organisations and social partners a personal priority of my first months in office.

And I will address the issues that affect your work as the democratic conscience of the negotiating process.

I am prepared to make sure ALL Members of this House can consult the negotiating documents we currently send only to a restricted group. To make this happen Parliament will have to ensure a system that guarantees confidentiality. And I am ready to sit down with the chairman, Mr Lange, to figure out how to do this.

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Mesdames, Messieurs les députés,

Le TTIP est assurément un des défis les plus importants pour la politique commerciale de l'Union européenne pour les années à venir. Mais la politique commerciale de l'UE ne se limite pas aux relations transatlantiques.

Nous sommes engagés dans un programme de négociations sans précédent dont la mise en œuvre peut contribuer à créer des millions d'emplois et apporter un soutien décisif à la croissance et à l'investissement dont l'Europe a tant besoin.

J'ai constaté, en préparant cette audition, à quel point la politique commerciale pouvait être un sujet aride et technique, mais je mesure en même temps combien elle touche en réalité chacun de nous, concerne l'ensemble de nos politiques et porte directement sur le rôle de l'Europe dans le monde.

C'est une question sur laquelle chacun veut avoir la possibilité de s'exprimer. C'est précisément la raison pour laquelle cette audition est si importante.

Dans une démocratie représentative comme la nôtre, c'est en effet au Parlement d'exprimer les vues et les souhaits des citoyens. La politique commerciale ne pourra pas traiter de manière satisfaisante les questions sociétales auxquelles elle est confrontée sans la légitimité que vous lui conférez.

J'ai donc à cœur de développer une relation de travail très étroite avec votre Assemblée, si vous voulez bien me confirmer à ce poste.

Je vous remercie de votre attention et suis à votre disposition pour répondre à vos questions.