



The Trade Commissioner and Parliament: A Vital Relationship

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Cecilia Malmström - Commissioner for Trade

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Chairman Lange, Members of the International Trade Committee, Ladies and gentlemen,

This is my first chance to meet you in this Committee since my new job began a month ago.

It's an important moment.

Because the way we work together over the next five years will define our joint success or failure.

The relationship between the Trade Commissioner and this committee is one of the three axes of EU trade policy. The second is our respective relationships with the national ministers in the Foreign Affairs Council. The third, no less important, is our relationships with EU citizens.

None of us can do our jobs without the others.

We have a great responsibility to make these relationships work because trade policy matters. It is a powerful tool to make people's lives better.

On our continent...

- 30 million people work in the higher-paying jobs that our exports support. That's 10% of the labour force! And it must increase if we are to gain access to the growth happening outside our borders in the coming years.

- And many millions more people work in businesses who depend on trade for their supplies of energy, raw materials, components or services like finance or information technology.

Trade also connects us to the rest of the world.

The horses and mules that Marco Polo drove from Asia with spices on their back also carried ideas. The same goes for today's cargo ships and fibre-optic cables.

So the trade policy that we will forge together is a tool to spread innovation and values.

And a powerful one: Of the world's 7 billion people, six and a half live in countries for whom Europe is the largest or second largest trading partner.

All of these positive things flow from our open and active approach to trade.

So we have a duty to cooperate to keep those benefits flowing.

That doesn't mean we will agree on everything. I know this house a little bit, so I think I can say that you won't even agree on everything among yourselves.

But I do think we can do good work together. And I hope, in the words of Humphrey Bogart, that this is the beginning of a beautiful friendship!

Now, it won't be much of a friendship if I do all the talking. But I would like to make three points before we get down to our discussion.

First, what I want to do to make our cooperation work.

Second, how I see the main issues on the table now.

And third, how we need to position ourselves for the future.

So: cooperation.

Good cooperation requires listening. And listening is my priority, especially during these first months. That's why I have spent as much of my time as I can in meetings with you, with ministers, with civil society organisations and with businesses.

I want to have a clear understanding of the full range of opinion on all the issues. My door will always be open.

Good cooperation also requires dialogue. So I commit to coming here to meet you on a regular basis, whether to this committee or to plenary, over the coming five years. This is the first of many encounters.

And good cooperation requires **transparency**. I promised during my hearing that I would further open up the negotiations for a Transatlantic Trade and Investment Partnership.

I am already on the way to fulfilling that commitment. Last week in Strasbourg, Chairman Lange and I announced some very significant new steps.

As a start, the Commission will publish more of the proposals it has made to the United States for the chapters of an eventual agreement. They will be online for all to see and examine.

More importantly for our cooperation, we are ending the practice of sharing EU TTIP negotiating documents with just a small handful of members of parliament. All 751 members will in future be able to see all EU negotiating documents. And we will classify fewer of them so that they will be much easier to access than through a reading room.

We can only do this if we find the right ways to make sure that papers that do need to be kept confidential, stay that way. Finding those ways will be an important joint effort. I have already started working with Chairman Lange on this, and the work will continue between our services.

There will of course be documents that we will not fully share with the public. But I hope you can understand that negotiations only work when there is a space for trust and calm discussion between the people involved.

That's the case for peace negotiations,

It's the case for labour negotiations,

And it's the case for trade negotiations.

In all of these cases we need some confidentiality in order to get the good result we all want.

But I hope everyone appreciates that this new approach to transparency is a very significant step. It will allow us to show rather than tell people what is actually under discussion.

People will be able to see for themselves what we propose on regulation.

And they will also be able to see that consumers', workers', and small companies' interests are a core part of this process.

I hope that it will be the start of a constructive debate about what Europe wants out of this negotiation.

That brings me straight to my second point: How I see the issues currently on the table.

TTIP is undoubtedly the biggest fish we have to fry.

I have said that I want a **fresh start** on this negotiation. Allow me to explain a bit more clearly what I mean.

Obviously that starts with the transparency initiative but it also goes beyond it.

A big part of my work will be to get more involved in the debate. That's not just about getting in the newspapers it also means talking more to civil society organisations.

I have started this with meetings in Brussels and in Berlin.

Tomorrow I will meet with a further 200 representatives of consumers, labour unions, environmental groups and businesses here in Brussels. I will be travelling to Paris in two weeks and to Austria and the UK early in the New Year.

I also want to step up my engagement in the on-line debate. People have a right to ask questions of their representatives. More two-way communication is an essential part of changing the way this negotiation is run.

But the fresh start must also apply to the content. We still need an ambitious and balanced agreement but we also need a realistic one.

I will be travelling to Washington next week for detailed discussions with Ambassador Froman on exactly that question.

Before this, I would like to share with you what I believe a realistic but ambitious TTIP would look like.

First, it would include ambitious outcomes on market access, for goods, services and public procurement. Here we should see our deal with Canada as a good reference point.

- We would get rid of the vast majority of duties at the moment the agreement comes into force.
- We would allow European and American companies to compete on equal terms for public contracts in a truly transatlantic market.
- And we would work on new market access in services. We also have to be clear on what our services commitments will not cover – neither public nor audio-visual services.

The second pillar of TTIP would remain regulation. I want to see a package that works for small and medium-sized businesses and strengthens, not weakens, levels of protection in Europe.

- It would include ways to encourage EU and US authorities talk to each other as they set new rules that will have a transatlantic impact, right from the beginning of the process...
- ... and ways to help them cooperate on developing international rules.

- It would include agreements to reduce duplication of regulation for cars, pharmaceuticals, machinery, food and medical devices, while keeping consumers protected. Take cars, we could look at the differences in our car crash tests or the way we check if the seat covers are flame-resistant. Reconciling small differences like these, without compromising on safety, would be a huge step forward. This could also be true for textiles products where different tests and standards create extra red tape.

... and agreements to reduce the burden of procedures like conformity assessment, inspections and customs, reducing unnecessary red tape.

- And it should include a one-stop shop website with easy access to all rules and regulations that apply to particular products. These are essential for SMEs, who account for 30% of EU exports.

The final pillar of a realistic TTIP would cover rules that will have a global impact. Particularly important would be rules on:

- Energy and raw materials. This could give us secure access to US energy resources and set rules for open global energy markets that respect the environment.
- A pragmatic result on geographical indications for food and drinks like Parma ham, Roquefort cheese or Swedish vodka. This would be a historic compromise since the EU and the US have always had major differences.
- And rules on labour rights and protecting the planet, with a clear monitoring role for civil society.

I have not yet mentioned investment. What I can say today is this:

- Before the end of the year we will publish the Commission's analysis of the responses to this summer's public consultation.
- In the first months of next year, I will consult with you and with trade ministers on the way forward.
- And in the spring we can aim for a new EU approach to this challenging issue.

If we work together, we can certainly achieve a package like this. To do so would be a major achievement.

But it would not be enough. TTIP can only be one of our priorities for the coming months.

Let me highlight three more:

Japan is our second most economically important negotiation. Japan is the world's fourth largest economy. And it has huge potential to open up to European exporters and investors.

We need an ambitious deal that will really make trade easier. That means it has to create opportunities for European exporters by addressing tariffs, regulatory policies, public procurement and geographical indications.

If we are to achieve all this, we will need to prioritise substance over speed. But it could still be possible to conclude this agreement next year, if Japan is ready to meet our ambitions. That would be good news for European workers and consumers.

The **Vietnam** negotiations will also be important. Vietnam is a fast-growing emerging market of 90 million people. It is deeply connected to Asia's regional value chains, and becoming more so.

The negotiations are progressing well. And the Vietnamese government is keen to reach a deal in the first months of next year.

That can also be done. But only if Vietnam is ready to put more on the table in several areas. That includes services and investment, procurement, intellectual property rights and geographical indications, competition rules and tariffs.

Finally, we also have a real opportunity to make progress on the **Doha Round**.

Last week, World Trade Organisation members agreed to implement the new Agreement on Trade Facilitation.

That is an important step in itself. But it also allows us to move ahead with the rest of these long-delayed negotiations.

This is an immediate priority that requires our most serious efforts. It also requires a clear-eyed look at where we are.

The fact is that 13 years have passed since Doha was launched.... 13 years of dramatic change in the world economy.

In many industries, companies from major emerging economies like the People's Republic of China and India are now just as competitive as their rivals in Europe and North America, if not more so.

In agriculture, we have deeply reformed our policies, which now distort trade very little. In parallel, some emerging countries, like Brazil, are already benefiting from this new openness and expanding production. Others, like India, have grown so fast that they are now in a financial position to afford their own subsidy programmes.

Europe's approach to these talks has always been clear.

We want to support development, particularly for the poorest countries...

... but we also want a level playing-field when our companies and farmers compete on equal terms with rivals across the world.

We have always been ready to pay our share. Just to give you one example, the world's poorest countries have had free access to the single market since the very outset of this round in 2001....

... but we have always asked that our partners, particularly the major emerging economies, also show leadership.

They have benefitted enormously from the WTO. Their achievement – of lifting millions out of poverty – is in many ways thanks to the openness of markets in Europe and America. And that openness is based on leadership we have shown at the WTO over the last 60 years.

But the emerging countries have seen things differently. And they do not see that their new strength gives them a responsibility to show similar leadership.

We will somehow need to get beyond this stalemate if we are to make progress in the coming months, as Director-General Azevedo rightly wants.

I will prepare for that work by examining how the EU can contribute.

Finding a way forward means we must aim for a realistic outcome.

If we rush forward now on the basis of our maximum demands of the past we will only crash into each other. We need instead to discuss calmly and steadily what we can do together.

The final point I want to make concerns the **future**.

We have a lot on our plate. But we also need to think strategically.

Where do we want the EU to be when we leave office? And how can trade policy help us get there?

We need to answer many questions as part of that big one:

As a starting point, we need to think how EU trade policy can be more responsive to the needs of our citizens? For example, how will we deliver on jobs through trade?

Then we need to think about our negotiating challenges – amongst those:

- How do we address the question of our trade relations with the emerging economies?
- How will we reconcile our new bilateral trade agreements with our preference for open multilateral rules?
- And how can we create opportunities by coordinating international regulation, while keeping citizens protected?

Finally we need to think about the way we work:

- How do we set priorities when there is so much to do?
- And how will we implement our free trade agreements to make sure that small companies in particular can benefit from them?

We cannot improvise the answers to these questions.

That is why, over the next few months, I will be working on how we can translate President Juncker's mandate to work for jobs and growth into a new strategy for trade policy.

I will present my views in a new communication during the course of next year.

And I will look forward to working with you, with the Member States and with civil society to make sure we get it right.

Because we can only serve the people of the European Union, in all their diversity, if we work together to take the right decisions.

Chairman Lange, Honourable Members,

That I think is enough from me.

Thank you for your attention. I look forward to our discussion.

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