



## Towards a New Strategy

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*Bruges- Conference: Transatlantic Leadership in a Global Perspective: Challenges and opportunities*

Ladies and Gentlemen,

Thank you for inviting me to join you here in Bruges.

It's a city whose most glorious period was built on trade with Europe and the world.

Bruges' grand buildings were funded by its success as a trading post. And the rich culture of the city's golden age was founded on the connections with the wider world that that trade provided.

By the same token, the fact that so much of the city's architecture from that period has survived, stems from its commercial decline. When, at the end of the 15th century, trade moved on to Antwerp and elsewhere, so did the financial and cultural wealth required for new buildings.

Today, we are thankful for how well the medieval city is preserved. But several centuries of poverty and isolation was nothing to be thankful for at the time.

We are also thankful that Bruges has recovered. It is again prosperous through being connected to the world. Through the many businesses in the region, through its incredibly vibrant tourism industry and, of course, through this College.

What the story of the city shows is the importance of trade with the rest of the world for cities and regions all across our continent.

The people of the European Union depend on trade for our prosperity.

One in seven of us who are lucky enough to have a job, have exports to the rest of the world to thank for it.

Millions more work in companies who depend on imports for their competitiveness. 80% of our imports, after all, are the energy, raw materials, and components that keep the European economy functioning.

And it's our economic success that funds the social, regulatory and cultural infrastructure that make up the European way of life.

So we are certainly in the right place to talk about trade.

You have come here today to talk about transatlantic leadership in a global perspective, and the challenges and opportunities that presents.

I would like to address that theme by talking about two initiatives in EU trade policy:

First, the Transatlantic Trade and Investment Partnership or TTIP.

And second, the new EU trade strategy, Trade for All, which we launched just last week.

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Starting with TTIP and starting with the basics, why are we negotiating this agreement?

For two reasons:

First, because Europe needs an economic boost. More trade and investment with the US can provide it because it's the largest market in the world after the European Union.

EU exports to the US already support almost 5 million jobs across our Union.

And there are countless examples of small companies all across our continent who use trade with the US to feed their success. TTIP would help them do that even more.

In West Flanders, for example, there are many competitive export companies, including one that makes mechanical parts and sells them to the state of Washington. Our work in TTIP on regulatory cooperation is designed to help firms just like that. For the large machines those parts go into, different EU and US standards on things like the colour of wiring and types of plugs and sockets means big increases in costs.

Or take another example. On Friday I was very happy to travel to Bucharest, where I learned about a Romanian company called Partenope Fruits.

It's a small firm that successfully sells cherries to customers in New York. But to get its cherries through US customs, Partenope has to pay a tariff. Meanwhile, many of its competitors come from countries that already have trade agreements with the US so they do not need to pay anything at the border. TTIP would level the playing field.

Or maybe another example, coming from my home in Sweden. Gynius is a medical device company based in Stockholm. They make gynaecological equipment that screens women for early signs of cervical cancer. It's a life-saving product if ever there was one.

It took them a great deal of effort to get their product approved in the US, however. TTIP could have made that easier. Because we want to make the data that companies have to submit for product approvals more compatible.

So the economic rationale behind TTIP is simple. All of these ambitious companies employ people in their communities. So let's make it easier for exporters like these to do business in America and create more jobs here in Europe.

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The second reason for doing TTIP speaks directly to the theme of this conference.

We know that TTIP is a way to strengthen our alliance with the US on economic and regulatory issues - in order to strengthen our collective global influence.

We are living through a major shift in the world's economic centre of gravity. Emerging and developing countries' share of world GDP was 20% in 2000. Last year, it was just under 40%.

Yes, we are seeing some instability in China and other emerging countries recently. But the catch-up we are seeing is a long term trend. It's also very positive one, given its impact on global poverty.

But it does mean that Europe's voice in the world is getting weaker.

And that's a problem. Because decisions made outside our borders are going to affect us more in the future.

As the world economy becomes more integrated, we will see more demand for global rules on everything from safe products to environmental protection.

We already apply many international standards set at the UN or elsewhere - for products in the European Union.

For example, 70% of the technical standards we apply here for electrical equipment are already set at global level.

There will be more of these in the future. And when the decisions are made on those rules, we want our voice to continue to carry weight.

For that we need allies.

And on many of these issues the US is the best ally we could have.

Now, for some that idea is not intuitive. When they think about regulation they only see the issues where we have difference with the US. And certainly, on some issues they are right, on things like genetically modified food or hormone-treated beef.

But the fact is...

- that in most areas American and European regulations are very similar - on pharmaceuticals, on medical devices, on machinery, and even on many aspects of food safety...
- ... that in some cases US rules are even stronger. That's something we have learned very well in recent weeks.
- ... and that without a doubt we have much more in common with the US than we do with many other partners.

So if we want to influence the global rules of the future. We are going to need to work with the Americans in future.

TTIP helps us do that.

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But I'm sure you are all aware that not everyone shares my views about this agreement, to say the least!

There is a major public debate. It's very intense in the German-speaking world in particular, but it extends all across the EU.

Some people are worried that TTIP may undermine European food safety or environmental regulation - through regulatory cooperation or investment protection rules.

Others are worried it will affect the delivery of public services like health or education.

Still others worry about the process. They are concerned that TTIP is being negotiated in secret and without democratic controls.

In the Commission we welcome this debate. It shows that people care about trade. So we are engaging with our critics and we are taking their concerns seriously. That's why...

- We have opened up the negotiations to public scrutiny. We've put the EU's proposals online and we are participating in literally hundreds of public meetings.
- We have proposed a new and deeply reformed approach to the sensitive issue of investment protection.
- And we have promised - jointly with the US government - that nothing in TTIP will...
  - undermine the way EU regulation protects our citizens...
  - change how we provide for people who get sick or how we educate our children...
  - or restrict how we choose to do any of these things in the future.

In short, we have learned from the TTIP debate.

On the one hand we have learned that people do want more trade. They see how it can benefit our society.

But on the other hand, we have learned that they don't want to compromise on the core principles of European society in order to get those benefits.

Those are important lessons.

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That's why they have helped shape our approach to the second issue I want to address - our new overall EU trade strategy, "Trade for all".

The strategy, which we announced just last Wednesday, is based on the three core principles: effectiveness, transparency and values.

The first is effectiveness. Trade policy has to deliver real economic results if we want people to support it.

So we will make our agreements better reflect today's global economy.

Trade is at the centre of a major change to the way products are made. Many of our goods and services are now very often created along global value chains that cross many borders. And these networks are facilitated by digital connections and travel by experts or service providers. EU Trade agreements will therefore put more focus on services, on digital trade and mobility in future.

Effectiveness also means making sure the benefits of trade are widely spread. We will therefore...

- Help consumers have confidence in the products they buy - for example by supporting fair trade and more responsible supply chains.
- Ensure that workers can adapt when competition threatens their jobs - by improving our European Globalisation Adjustment Fund.
- Make sure small firms benefit alongside the large ones by having dedicated SME provision in all our agreements in future.
- And ensure that poor people in our developing country partners are given new trade opportunities too.

The second principle is transparency. The EU needs to make sure that people trust in what we are doing on their behalf. The best way to do that is to let them see for themselves. So we are going to approach all our agreements as we do TTIP - releasing many more documents and engaging more closely with the European Parliament and national parliaments.

But the most important principle, I believe, is the third one: In our new approach, trade is not just about our economic interests but also about our values.

That means, first of all, safeguarding the European social and regulatory model at home.

We have taken a clear pledge:

- No trade agreements will ever lower levels of consumer, environmental or social and labour protection.
- Any change to levels of protection can only be upward.
- And we will never give up our right to make policy in the public interest.

We are also going to use trade agreements and preference programmes as levers to influence other parts of the world.

We can have an influence. We should use it to promote European values like sustainable development, human rights, fair and ethical trade and the fight against corruption.

On this last point, we will as of now be including the first ever anti-corruption provisions in EU trade agreements.

The final part of our new strategy is a set of negotiations to put these principles into practice.

We will continue to work hard on what we are already doing. The multilateral system remains essential and must be re-energised. We must conclude TTIP, the Japan free trade negotiations and our investment negotiations with China.

But we also need to launch new negotiations. We will request a mandate to launch with Australia and New Zealand. When conditions are right we will look at new ASEAN partners like the Philippines and Indonesia. We will explore new negotiations with Hong Kong and Taiwan, once the China negotiations are concluded. And we will start talks to update other deals. With Mexico, Chile and Turkey we want to modernise old agreements. With South Korea we want to revisit a few small points.

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Ladies and gentlemen,

With this new strategy, Europe is engaging with the world, broadly and deeply.

We are doing so in order to benefit as many people as possible - in Europe and around the world.

We are doing so in an open transparent way to restore trust in trade.

And we are doing so in a way that is in tune with our values - values we share with many partners around the world, including the United States.

We are doing all of this because trade is not, nor has it ever been, just about economics.

As the flourishing of Bruges in the time of the renaissance shows us...

... making connections with the world implies much more than commerce.

Our way of life is linked to how we choose to engage with the global economy.

We must approach the world with strength and confidence.

And that's what our strategy sets out to do.