

COMMITTEE ON INTERNATIONAL TRADE

INVITED COMMITTEES:
COMMITTEE ON FOREIGN AFFAIRS
COMMITTEE ON DEVELOPMENT

HEARING OF PHIL HOGAN

COMMISSIONER-DESIGNATE

(Trade)

MONDAY, 30 SEPTEMBER 2019

BRUSSELS

1-002-0000

IN THE CHAIR: BERND LANGE*Chair of the Committee on International Trade**(The hearing opened at 18:30)*

1-003-0000

Bernd Lange, *Chair INTA*. – First of all I would like to welcome the Commissioner-designate for Trade, Mr Phil Hogan, sitting here in front of me. Welcome, Phil.

I think the purpose of this meeting is evident, so I do not need to explain it. Mr Hogan responds to our five written questions. They have been distributed in all languages and published on Parliament's website. I would like also to inform you that the Committee on Legal Affairs has raised no objections to holding this hearing today, so we can proceed.

And yes, Mr Hogan, once again welcome to the committee – the democratic heart of trade policy. Of course it is a great honour for me to chair this wonderful committee. Just like trade policy itself, it has really evolved tremendously over the last years. Now this committee is the committee saying 'yes' or 'no' to trade agreements and it is also involved in trade-related legislation, so it is really the democratic power of the people in Europe on trade policy. And yes, we are living in challenging times. Our relationship with our key bilateral partners is strained for different reasons: the WTO is in crisis, Brexit will possibly come quite soon, and perhaps in these days we will have another customs ruling coming from the United States based on the Boeing ruling of the WTO.

Fortunately, the EU has managed to establish quite successfully good bilateral trade agreements and of course good legislation for stabilising the rule-based trading system. And, of course, the European Parliament has played an important role in improving trade agreements like we did in CETA or in legislation as we did in the conflict minerals legislation. And yes, trade is more under public awareness. Our people on the ground wanted to know who is benefiting from trade. Is trade weakening our consumer protection, and what is the contribution of trade to the Paris Climate Agreement?

So a lot of challenges and threats. However, we should face these challenges and threats and take trade policy seriously, perhaps firmly anchored in some principles. Sustainability should be one of the principles. Trade is an effective tool to set fair standards for goods and, of course, also for the production process of goods and services, and the ILO Conventions are playing an important role.

Secondly, implementation and enforcement. For me it's totally clear that it's time to move from words to facts. The broad network of trade agreements that we are currently have should deliver inside and outside the EU, and we need adequate instruments for that.

Third, coherence. Trade policy should be coherent with other policies in the European Union and at national levels. For example, it makes no sense to argue for a reduction of subsidies in the fisheries sector, and at the same time trying to subsidise new vessels inside the European Union, so we have to be coherent in our policy and also for us trade policy has really reflected democratic scrutiny. Ursula von der Leyen has stated in her political guidelines that there should be a specific special partnership between the Commission and the European Parliament.

Mr Hogan, after reading your written answers, I see you are really underlining these positions, but I would like to raise four points where Parliament should get a little bit more clarity.

First, I'm convinced that the European Parliament has to be seen as an institutional actor, specifically after the development of the last 10 years and it should not be put in the same basket as normal stakeholders. That is in the answers to questions 3 and 7.

Secondly, while the commitment to share scoping papers would be a welcome improvement compared to the current situation, it is perhaps, Mr Hogan, not enough. It is well known that scoping papers are discussed with Member States and it's totally clear that the important work is done before fixing a scoping paper – the 'whys' and 'whats' in the negotiations are concluded with a scoping paper – so Parliament asks to be involved before finishing a scoping paper.

Thirdly, at the same time I would like to have more engagement on the question of provisional application. Ursula von der Leyen said that the Commission should always propose a provisional application for trade agreements only after the EP has given consent. Your answers were not so clear. Please come back to that and make clear that the democratic right of Parliament should be respected in the question of provisional application.

Fourthly, the scrutiny of competence for the EP should be possible in the implementation of existing agreements. We as the committee here are quite clear that joint committees, councils or other organisations in the implementation process of agreements should not be black boxes. They should be also under democratic scrutiny.

This is a really defining moment in parliamentary scrutiny. It's a defining moment of democracy in the EU, in the EU trade policy, and of course I will invite my colleagues to make their voices heard and engage with clear questions, with the clear aim of getting concrete commitments from you, the new Commissioner. This is more than a grilling exercise. This should also be a key point in defining our common strategy for trade policy in the next five years.

So let me go to the practicalities of this exercise. First of all, the structure of this hearing. It has to follow the Rules of Procedure of Parliament, no doubt about that, and it should give a fair and equal opportunity to all Commissioners-designate to present themselves and their opinions. So, to start, Phil Hogan has the possibility to give an opening statement for 15 minutes and then, according to our Rules of Procedure, there will be time for 25 questions from the Members.

In the first block, we will have questions from the seven coordinators of the political groups in INTA, and in the second round we will have questions from 18 Members according to the quotas for the different political groups and also including a representative of the non-attached Members. I welcome at this moment the Chair of the AFET Committee, David McAllister. He will ask a question among the other 18 Members.

The questions and the answers will happen in a five-minute time slot, so each Member has one minute in which to ask his or her question, then Phil Hogan has the chance to give two-minute answers, and then if needed there is a possibility for the same Member to ask a follow-up question of a maximum one minute. The Commissioner-designate has the possibility to answer the follow-up question, also in one minute. But the Rules of Procedure are clear. This follow-up question must relate to the Commissioner-designate's reply to the first question and should not be used to raise other matters. I therefore reserve the right to disallow the follow-up question if it does not meet this criteria.

This is the structure. Of course at the end of the questions the Commissioner-designate will have another five minutes to make a closing statement. As I mentioned, this hearing is strictly limited to

three hours and the time for asking questions is also strictly limited. I will strongly enforce the speaking time limits.

The interpretation is provided in 23 languages and, of course, especially at this hearing the Irish proposal for a Commissioner is here, and of course we have also some Irish Members. They can also speak in Gaelic. All Members can speak in their own language, but only in the proposed time limit. And of course due to the fact that we have 23 languages and interpretation, please speak clearly, not too quickly so that it can be interpreted and it can also be recognised on the screen because this meeting of course as usual in our INTA Committee is webstreamed live on the Parliament website and it is also video recorded.

That is the introduction of the structure of this hearing, and now I will invite the Commissioner-designate for Trade, Phil Hogan, to give his opening remarks.

1-004-0000

Phil Hogan, *Commissioner-designate*. – Chair, honourable Members, I am very grateful to President-elect von der Leyen for nominating me as Commissioner-designate for Trade. I hope that at the end of this hearing you will feel able to place your trust in me to fulfil this role.

I am no stranger to international trade because, as Commissioner for Agriculture and Rural Development, I have been working closely with the outgoing Commissioner Cecilia Malmström. Her legacy is a very positive one which I hope to build upon, and I have experienced first-hand how international trade is the lifeblood of the European Union economy, with exports of goods and services supporting one in seven jobs.

I believe that the European Union's trade policy can and must provide real opportunities for sustainable growth, stability and predictability in an increasingly volatile world, while offering EU businesses a level playing field and protection from unfair trading practices. But trade policy must also be able to evolve. We need to show that it is relevant and fit for purpose to address the new challenges to our security, our strategic autonomy and our technological leadership. And it must also reflect and promote our values in the European Union and what we stand for, especially in areas like climate action, sustainable development, labour rights, standards, and women's empowerment.

Before highlighting my priorities, let me reassure you that if I am confirmed, I will continue to build on the transparent way in which trade policy has been made during the period of the last Parliament. I will be a regular visitor to this committee and in the plenary to respond to your issues of interest. I will also ensure that you have timely access to all the information you need and I note very carefully what you have suggested, Chair.

I will be supportive in encouraging the Council to listen to your views, in making progress on legislative files, and in avoiding provisional application of trade agreements before you have had the chance to give your consent. And I will work with you to project, explain and promote our trade policy to people across Europe and beyond. Accurate and professional communication of our trade relationships is important.

Let me turn now to the five main priorities for trade policy in this mandate.

Firstly, we must support a stable, predictable and rules-based trading environment by strengthening the World Trade Organization (WTO). Secondly, we must manage our relationships and continue to build partnerships through trade around the world, with a particular

focus on our direct neighbourhood and on Africa. Thirdly, we must open markets and make trade a reality for EU businesses of all sizes. This also means that existing agreements should be fully implemented and better enforced. Fourthly, we must ensure that we have the tools to enable fair and open trade, and a level playing field both internally and externally. And fifthly, we must ensure that trade is sustainable, promoting the European Union's values and focusing on climate action, in line with the priorities of the incoming Commission and the concerns of this Parliament.

I want to take each of those five in turn.

Trade cannot fulfil its potential without the stability and predictability that comes from a rules-based multilateralism. In the President-elect's words: 'Multilateralism is in Europe's DNA. It is our guiding principle in the world. My Commission will keep on championing this approach and ensure that we uphold and update the rules-based global order.'

So the international rules-based trading order with the World Trade Organization (WTO) at its core is facing its biggest challenge to date. The WTO is essential, but it needs to be updated. It offers a route to resolve trade disputes based on rules, rather than the law of the jungle. This is why we need to uphold and defend it, but also ensure that its rules are fit to address the issues of today.

The European Union has already played a leading role, with this Parliament's support, in trying to address this difficult environment. And if confirmed, I will therefore do my utmost to prevent the collapse of the WTO's dispute settlement mechanism, and find a systemic solution to reform the Appellate Body.

At the same time, I will work hard with other WTO Members to reinvigorate the negotiating function of this organisation. We should focus first on concluding negotiations on fisheries subsidies, as mandated by Sustainable Development Goal 14.6. Domestic regulation in services and investment facilitation will require an extra push in view of next summer's 12th MC11 Conference in Kazakhstan. I am also keen to work with others to advance the e-commerce negotiations; and to prepare an initiative in the second half of 2020 to build a new way forward for the WTO. The rulebook needs to be updated to address issues such as the rampant use of subsidies by China and others, and forced technology transfers.

In the current international context, too many of our partners are on the path towards protectionism. Europe needs to speak up for fair, open and rules-based trade. If confirmed as Trade Commissioner, our partners can expect a counterpart who is willing to show leadership, work constructively and strive for positive outcomes, but I will also be strong in standing up for European Union interests and our values when needed.

The transatlantic partnership has shaped international relations and the global order for the past 70 years. The United States has played a long-standing role as an essential supporter of the open, global trade system. But some of the concerns of the United States about the global trading system are ones that we share, though we firmly believe that changes are best achieved within rules.

So the European Union will continue to move forward on areas of common interest and work to reduce trade tensions – for example, those areas that can be agreed and implemented as happened in July 2018 between President Juncker and President Trump; or we can work trilaterally together with Japan to develop common approaches on aspects of WTO reform. I am committed to work on a positive transatlantic agenda and I will be open to the rapid resolution of trade disputes with my US counterpart. We achieved this this year on the hormone-free beef quota. But to reach our objective, we need to have willing partners.

The relationship between security, technology and trade is evolving very rapidly. It is affecting our relationships with all major players, and we are ready to engage with the United States on these issues, in particular the security aspects of investment and export controls. We share a common understanding on the challenges posed by China's use of subsidies and the heavy involvement of the state in its economy. It stands to reason that we should find grounds to cooperate with our transatlantic allies and Japan on such strategic questions.

But our relationship with China is also important and vital. It remains a source of wealth and jobs on both sides. Our companies need to be able to compete with Chinese companies though on a level playing field, both in China and within the European Union. This is not the case today.

I will pursue active dialogue and engagement, including in areas of common interest, such as climate change, environmental protection, the reform of the WTO, including discipline on industrial subsidies. I will also prioritise our ongoing investment negotiations, with the objective of re-balancing our investment relationship with China. We have to stand firm in defending our interests and values, and I am well aware of the concerns of this Parliament in this regard.

Our approach to China should entail rebalancing our trade relationship and addressing unfair trading practices. I will not shy away from using our trade defence instruments to this end, and our relations should be based on effective reciprocity in access to markets and opportunities for businesses and investors.

We also need to strengthen the security of our critical infrastructure and our technological base, as outlined in the March 2019 Communication on China. We have enhanced our internal toolbox with measures such as the EU mechanism on investment screening, and we are working on how to address the distortive effects of foreign state ownership and foreign subsidies in the internal market.

We must also ensure that agreements reached with our Eastern neighbours are delivering their full promise, while continuing to develop our ambition for deep and comprehensive free trade areas with our Southern Mediterranean partners. We will follow developments with the European Economic Area countries, like Switzerland and Turkey.

Of course, no consideration of the neighbourhood would be complete without reference to Brexit. The United Kingdom is scheduled to leave the European Union 31 days from today. While it remains impossible to predict the final outcome, and many people feel obliged to predict the outcome, the Commission has prepared exhaustively for a no-deal Brexit.

Africa must become an even greater priority for us as well. The recently agreed Africa-Europe Alliance, based on a policy and investment partnership of equals, points the way forward. I will build on my own experience in creating the Task Force for Rural Africa as Commissioner for Agriculture and Rural Development, which puts African policy leadership and EU support and investment together to help key actions. Our trade agreements with Canada, Japan, Vietnam and most recently with Mercosur, demonstrate our ability to leverage our internal market to open markets abroad, to spread our regulations and standards and to help improve social and environmental policies and practices in third countries.

We will continue our ongoing negotiations with Australia and New Zealand and pursue new partnerships if the conditions are right. But we also need to do a better job in ensuring that the full

potential of our existing agreements is realised. Our trading partners must respect the commitments they have made, in all Chapters.

I believe therefore it is essential that we step up our efforts to implement and enforce existing agreements. The appointment of a Chief Trade Enforcement Officer will create a focal point for this work and I will ask him or her to work closely with you in taking our enforcement agenda forward. I also share your concern that we should do more for Small and Medium-sized Enterprises. Over 80% of EU businesses involved in international trade are Small and Medium-sized Enterprises, for which trade and investment barriers present particular challenges.

Fostering fair and open trade will be a priority. We must stand up against protectionism where it occurs. We must promote reciprocal trading conditions and fair competition by levelling the playing field both internally and externally. For example, using instruments such as the International Procurement Initiative (IPI), which aims to create reciprocity enabling the European Union businesses to succeed in government procurement markets abroad.

We must also tackle unfair competition by addressing more forcefully foreign subsidies which affect EU companies and by making full use of existing tools, for example in trade defence. This also means strengthening our own toolbox, including rules that allow us to react to illegal discriminatory trade measures by third countries where recourse under the WTO is not available.

Trade must not only be fair and open, but also sustainable. Trade policy must contribute to addressing global challenges such as climate change, protecting the environment and strengthening labour standards. This is why the Sustainable Development chapters in each of our agreements with their binding commitments on labour and the environment are so important.

To pursue these goals, I will be ready to make full use of the different instruments at our disposal, through trade preferences, through bilateral trade agreements, through action at multilateral level, for example on opening markets for environmental goods and services to help meet our international climate and environment commitments.

If confirmed, I also intend to work with you to renew our Generalised System of Preferences, which offers preferential access to exports from developing and least developed countries. Its reform should ensure that it remains the most generous scheme of its kind in the world, while incentivising our partners to move towards sustainable growth and development policies.

The deeper focus on climate and sustainability in the incoming Commission reflects our citizens' expectations; therefore these values must be firmly built into our trade agenda.

Trade policy is one of the most dynamic areas of EU action. We have a full and important agenda at a critical moment for multilateralism and for a fragile, global trading system.

This Parliament, and in particular this committee, has since the Lisbon Treaty become a decisive player in shaping that trade agenda, and I am committed to working closely with you to reinforce that partnership. Europe needs to be the global champion of fair, sustainable and rules-based trade. With your help, I believe we can strengthen that leadership role. We can act and deliver results that show the European Union at its best.

1-005-0000

Christophe Hansen (PPE). – I would like to welcome to our hearing of the Committee on International Trade here Commissioner Phil Hogan, Commissioner and Commissioner-designate, by the way. As you know, Commissioner, the EU and the USA are the most deeply integrated

economic regions in the world. Their trans-Atlantic partnership supports 16 million jobs on both sides of the Atlantic and represents one-third of global GDP. Yet the policy of the current US Administration is jeopardising stability with unilateral tariff wars, and by paralysing the World Trade Organisation, the capstone of the international trade order.

So my question to you would be: how are you going to re-set the trans-Atlantic relationship, and how will the EU stand up for rules-based global trade in the face of a President who is manipulating the interdependence that has underpinned stability in the global trade nexus for so long?

1-006-0000

Phil Hogan, *Commissioner designate*. – Well, I suppose that during moments of heightened tension we must not lose sight of the big picture. We trade EUR 3 billion a day with the USA, and the EU-US relationship remains the largest and deepest economic relationship in the world.

We already have a foundation for re-engagement. It was the successful meeting of President Juncker and President Trump in July 2018, but unfortunately we have not seen much movement on that agenda since then. President-elect von der Leyen has a clear objective, which she has asked me to engage with, namely to build on the positive agenda of 2018 and to try my best politically to persuade the USA to work towards a positive, balanced and more mutually beneficial partnership. But it takes two to tango.

I'm ready to engage politically with the USA to resolve our trade differences. In fact, I wonder why it has taken so long for them to do so, but I will do so in a fair manner, while standing up for the interests of the European Union.

The key, I believe, is to focus relentlessly on the mutually beneficial dimension, and the recent conclusion of a deal – as I have just mentioned – on beef last July is a clear example of the European Union's willingness to resolve an issue that has been going on for a while, but to do so through dialogue and cooperation.

The relationship between security, technology and trade is evolving. So we need the USA, at the World Trade Organisation, to engage fully on these issues. We need them to understand that we share many of the issues that are of concern to them, with regard to state subsidies from one particular country that we all know about, and the way that they are using their state-owned control in order to drive the agenda in a closed market situation.

So it stands to reason that we should find common ground to cooperate, if the objective is trying to deal with these issues, but to do so under the umbrella of the WTO.

I think that using the mutually beneficial approach can lead to various agreements benefiting both sides, and I hope that the USA will see it that way.

1-007-0000

Christophe Hansen (PPE). – As we speak, we expect either today or tomorrow the World Trade Organisation ruling on the Airbus case.

We have seen the provisional list of the sectors the USA will focus on: namely, wine, olives, cheese, etcetera. So they are targeting the Member States where there are Airbus suppliers, and I feel that there is a will behind this to break the unity among Member States.

Do you see that as well? And how can we avoid this, especially as it is agricultural products that are being targeted? How can we protect the agricultural sector in this context?

1-008-0000

Phil Hogan, Commissioner-designate. – Commissioner Malmström has put forward a possible solution to dealing with the Airbus case in the WTO and to ensure that Airbus fully complies.

As you know, there is another case in the WTO that affects the United States of America. This is Boeing, a decision on which will be made in some months' time. So it doesn't make sense that when we have – as the European Union put forward – constructive solutions to the problem that is before us, the United States would retaliate in some particular way, seeing that they are going to have to deal with the issue if it goes badly wrong for them on Boeing.

So we have tried to engage with the United States on this, but until today we have not found them in a position to do so. I understand perfectly well the difficulty for commodities that are on the list, but let's see what the extent of the decision will be, in terms of the United States and the form of retaliation: what's on the list. And then we will have to evaluate it. But Europe has to stand up for itself as well in terms of the products that we will identify in return.

1-009-0000

Kathleen Van Brempt (S&D). – Welcome Commissioner and Commissioner-designate. I have two very specific questions to you with regard to free trade agreements (FTAs).

The first is on the Trade and Sustainable Development (TSD) chapters, and let us agree on the fact that the current approach on upholding the TSD standards is not working today. You only have to look at South Korea, we know the case there, or Colombia, for instance, where in the past year 169 trade unionists and human rights defenders have been killed.

You referred in your written answers to making use 'of all tools available in order to pursue sustainable and climate objectives'. My first question is: could you elaborate on that? How would you do that – when you look at the implementation of the TSD chapters today?

The last Commission launched a plan with 15 specific actions. Which of these actions do you think are not good enough? Should they be strengthened or do you plan new actions on the TSD chapter?

I have a second question on the pre-ratification ...

(The Chair cut off the speaker)

1-010-0000

Phil Hogan, Commissioner-designate. – I'm very familiar with many of the coordinators that I have met and members of this committee, and know that you have certainly a desire to do better in terms of the enforcement and implementation of our existing agreements, and to use trade policy very effectively for that purpose.

The Korean example is the first time in an agreement that we actually have utilised all of the various dispute-settlement mechanisms and actions at our disposal to try and bring Korea into line with a chapter that they were not in compliance with.

So I think this is a good opportunity to test, for the first time, enforcement and implementation and to see whether a partner of ours has actually fulfilled what they said they would do in signing up to an agreement, and I would say we should build on this.

Now the 15-point action plan on the sustainability agenda, the TSD Chapter, is very important to me. It requires greater involvement of civil society, and greater involvement of the institutional arrangements that we have here within the European institutions. It means opening up further opportunities to ensure that we implement, also through supporting financially, complaints that can be made, and be able to provide the evidence that is necessary in order to meet a case.

So I very strongly support the use of trade and trade instruments and trade policy in the implementation, the full implementation, of our TSD Chapter, and I think that the Korean case is going to be an interesting test case.

1-011-0000

Kathleen Van Brempt (S&D). – Well, related to that answer, look at what has happened in Brazil this summer – and we had a discussion on that already – and the Mercosur agreement. Some people say that the Mercosur agreement, if it were in place today, would safeguard the Amazon. I don't think so, and I think we need pre-ratification conditions on Mercosur and other FTAs before we start discussing the actual ratification.

Would you agree to such an approach? Because that would leave the European Parliament with extra leverage to make sure that we use trade – as you mentioned in your introduction – to come up with real engagement on what has been decided in Paris. So would you agree on this pre-ratification approach?

1-012-0000

Phil Hogan, Commissioner-designate. – As you know, President Bolsonaro had a different policy position before he got elected as President of Brazil, and that's not unusual in politics, as I know. But after he got elected he decided that he was actually going to take a different approach, if there was an agreement with the European Union and the Mercosur countries, and where he decided to move with us in actually becoming part and a signatory of the Paris Agreement. And under the Paris Agreement, under his national determined contributions, he is talking about 12 million hectares of reforestation between now and 2030, and zero logging. He's also talking about better forest management.

So if we didn't have trade policy and a trade agreement, we wouldn't be in a position to put some leverage on the Mercosur countries, including Brazil, to be able to deal with these issues. All of us are appalled at what we see in the Amazon, but we don't have the tools at the moment, outside of the European Union, to deal with them effectively, without actually some leverage through trade policy, and I think that the final ratification stage is where you can actually have a lot of leverage.

I am prepared to look at what you mean by pre-ratification. But I just caution you on this: if you have pre-ratification, a discussion, then they are going to ask the European Union to open up other chapters as well: so there's nothing for free when it comes to trade.

1-013-0000

Karin Karlsbro (Renew). – Creating a level playing field for all companies, including in developing countries, to compete and grow in the modern global economy must be a central goal for the digital trade agenda.

What action will you take to promote an open and fair global digital economy that respects reciprocity, fair competition, transparency and consumer privacy, while creating opportunities that benefit both people and businesses in and outside the EU?

And how will you ensure that already existing international texts on digital trade, together with upcoming EU rules, create a consistent and coherent international framework for digital trade?

Finally, when will the Commission present its digital trade strategy?

1-014-0000

Phil Hogan, Commissioner-designate. – I agree, Ms Karlsbro, that open and fair trade must be based on global rules. That's why we're trying to convince the United States that this is the right way to go about it, and I met Roberto Azevêdo today, the Director-General of the WTO to discuss these very issues, and to see where we can proceed from here.

He is, of course, expecting the European Union to show more leadership in the future and we are going to work together with him to see how we can maintain an open and fair trade and rules-based approach in a multilateral system like the WTO.

We have, and this committee has, discussed many times, about how we can protect ourselves with trade defence instruments – whether it is the very innovative foreign direct-investment screening that has been put in place, or whether it is the international procurement instrument that has been discussed at the moment – and I hope that the Council will make some moves in a positive direction on this instrument in the near future. I met Peter Altmaier, the German Minister for the Economy recently, and I detect a little bit of softening in the German position, but we'll see how far we get, but I think it's a very important instrument.

The effects of foreign subsidies on our market in the digital area is of course very important to us in the European Union. I will be working with Vice-President Vestager in order to develop a tool that will address the distortive effects of foreign subsidies in the digital area, especially in our own internal market, and how state-owned enterprises in China, for example, have been used for this purpose in the internal market of the European Union.

We are very proud of the fact that we have an open market-based internal market, but sometimes it's abused by some people who through foreign subsidies are taking advantage of this.

We have to be strong in our defence at times, when we need it. We have 140 trade defence measures, and 93 of them relate to one country. We have over 40 investigations at the moment, so we need these instruments and we need to be able to enforce them as well, because if they do not have the capacity to be enforced, they are ultimately not much use towards getting a desired outcome.

So the EU export control system allows us to ensure that some of our sensitive goods and technologies that you've mentioned are not misused in a way that would threaten international security as well, which is another growing issue for trade.

1-015-0000

Karin Karlsbro (Renew). – Thank you for the answer. Especially with regard to digital issues, we have seen how they have caused significant controversy. In order to ensure proper debate on these and other provisions that could prove controversial, I would like to ask you, how will you further improve the involvement of civil society and stakeholders throughout trade negotiations, their implementation, monitoring and evaluation? And how will you improve the communication regarding current and future trade deals, so that the benefits of trade become known to all?

1-016-0000

Phil Hogan, Commissioner-designate. – Well I'm very happy to engage with all civil society stakeholders, Members of the European Parliament and members of national parliaments on this issue. Creation of the digital single market is a critically important priority. We've been trying to do so for many years but we are making incremental steps. We are conscious of the fact that we need a level playing field. If we have the necessary level playing field with China, for example, with whom we're engaging in the WTO for this purpose, we are hoping that through a finalisation of

discussions on e-commerce at the WTO we may make progress in trying to have a digital agenda and a digital trade strategy that can actually be done not just at the European level but of course globally, with the rules and disciplines that are required.

So we are open to whatever discussions that are necessary to communicate the benefits of trade. It's a difficult task sometimes, so we have to have a lot of engagement to make sure that the right and accurate information about what is in trade agreements is put out there, and we need your help to do that.

1-017-0000

Heidi Hautala (Verts/ALE). – Commissioner-designate, good evening. I made a small discovery in your written answers. You said that you will want zero tolerance towards child labour.

I would like to invite you to look at several resolutions by this committee in which we call for mandatory due diligence in situations where human rights are breached by European companies or where deforestation is being caused. I'm glad to tell you that the Commission also decided in July to call for regulatory and non-regulatory measures towards eliminating deforestation in our value chains. What would your approach be if you were invited to participate in an exercise – and I see this coming – to put in place mandatory due diligence for our supply chains?

1-018-0000

Phil Hogan, Commissioner-designate. – I understand that this committee, through its right of initiative, will be in a position to make some proposals in this regard as well. This right of initiative is something that President-elect von der Leyen has spoken about in her political guidelines, and which I support fully.

So I look forward to working with this committee – if this becomes a priority for the committee – in relation to whatever technical support or reports, or hearings are required to develop the proposal from this committee in relation to due diligence. My services will, I hope, be helpful in this regard and I would encourage it.

But we can also point to a good track record in terms of addressing human rights. For instance, the Conflict Minerals Regulation, which will enter into force in 2021 and which can be reviewed again two years later, is an opportunity. We have the Timber Regulation, which you have mentioned and which, as you know, prohibits the placing on the EU market of illegally harvested timber and products derived from it.

We have measures to ensure access to a remedy for victims – we have the Victims' Rights Directive. Another example, which I think we mentioned when we spoke about the Non-Financial Reporting Directive, is the fact that 6 000 of the largest EU companies now have to report with respect to due diligence activities.

Of course we can do more, I'm sure, but I certainly feel that this is a good starting point – where we have made a lot of progress. Of course, trade policy can do more to exert leverage on human rights, on torture or on other issues, such as gender equality. These are all important issues, on which trade can play its part. If you decide to put forward from this committee a right of initiative in this area, I will be very glad to support it.

1-019-0000

Heidi Hautala (Verts/ALE). – I also discovered in your written answers quite a few references to the implementation of the Sustainable Development Goals. I would like to ask you how you think the Commission should organise its work around this because it's now a part of every Commissioner-designate, every Commissioner's mission letter. Do you think it should be the

Commission Chair herself or how should it be organised? And what would be your contribution in concrete terms?

1-020-0000

Phil Hogan, Commissioner-designate. – I think this is the opportunity to speak about the Chief Technical Enforcement Officer – the Trade Enforcement Officer that we have in mind. In her political guidelines President von der Leyen again outlined that this was very important. My mission letter also mentions it. So I would like to proceed with this work as soon as possible in 2020. I think we would need to engage the committee with myself and all relevant stakeholders to see what the criteria is in terms of reference that we can put together for the purposes of this particular new position. It should be politically accountable, but also I think it should be at a high level in order to ensure that we have good communication and a good level of enforcement and implementation of the existing agreements. As I mentioned to Ms Van Brempt earlier, trade policy and the TSD chapters have to go hand in hand, but we need somebody to concentrate fully on this particular implementation and therefore I believe that this is a good appointment and a good initiative, and I look forward to discussing that with you.

1-021-0000

Markus Buchheit (ID). – Herr Hogan! Es besteht Konsens, dass wir keinen Laissez-faire-Freihandel durchgehen lassen können. Millionen von Bürgern gingen bereits ab 2016 auf die Straßen und brachten ihre Sorgen gegenüber dem europäisch-kanadischen Freihandelsabkommen CETA ebenso wie gegenüber dem damals noch diskutierten TTIP-Abkommen mit den USA zum Ausdruck. Einer der Hauptkritikpunkte damals war die Situation unserer Bauern, die nach wie vor einem immensen Preisdruck ausgesetzt sind, sowie die Durchsetzung unseres Vorsorgeprinzips, kurzum: des Verbraucherschutzes und der Lebensmittelsicherheit.

Aktuell dreht sich die öffentliche Diskussion um das Mercosur-Abkommen, genauso wie heute Abend. Die Eckdaten sind bekannt, die Auswirkungen jedoch nicht. Auf Grundlage welcher Folgenabschätzung mit welchem Publikationsdatum die Kommission eigentlich zuletzt gearbeitet hat, ist mir bis heute schleierhaft. Mir drängt sich der Verdacht auf, dass zum Zeitpunkt des Abschlusses der Vertragsverhandlungen im Juni des Jahres überhaupt keine Klarheit hinsichtlich der möglichen Folgen insbesondere für unsere Landwirtschaft bestanden hat.

Herr Hogan, wie werden Sie mit dem Mercosur-Abkommen umgehen, wenn die neue Folgenabschätzung erheblich größere Marktverzerrungen für bestimmte sensible Branchen wie beispielsweise unsere Landwirtschaft offenlegt, als bisher befürchtet?

1-022-0000

Phil Hogan, Commissioner-designate. – Well I very much understand the concerns of agriculture in relation to the deal between the European Union and Mercosur.

When you have to concede certain quantities of product, nobody in the agricultural community could be happy with that. But when you look at the cumulative impact of what we have achieved in trade arrangements around the world for trade deals, you will see that it is a very positive outcome for agriculture overall. In relation to CETA, in relation to Japan, in relation to Mexico, we have a very positive outcome. The Mercosur agreement is certainly one where we are going to do a sustainability impact assessment, an economic analysis, and these will all be available, and we're going to do a cumulative impact assessment in 2020 as well, to see what are all the trade deals, including Mercosur, meaning for farmers in terms of their business and their vulnerabilities in particular commodity areas.

So by keeping tariff rate quotas as low as we possibly could on beef, on sugar, on ethanol, on poultry, I think that we have reached a balanced outcome – of course when we look at all the sectors in relation to what we have achieved in Mercosur.

So I hope that these analyses that you're seeking, and what we can give you in 2020 and 2021 before we come to the stage of action, to having to look at ratification of this agreement, will be able to show you that we have reached a reasonable outcome and many sectors in agriculture have actually positive outcomes as well, like in the area of dairy, skimmed milk powder and infant formula, like in the area of wine and olives, and other areas. But also, of course, our sensitive sectors where we had to insist on a tariff rate quota with significant safeguards built into those particular quotas, where we have a safeguard mechanism for the first time in relation to a tariff rate quota, where if there is a surge of imports into the European market, we can, on the basis of evidence, withdraw that particular TRQ for a period up to four years.

These are all safeguards that I think are there for the first time.

1-023-0000

Markus Buchheit (ID). – Danke für die erste Frage. Dann zur letzten Tätigkeit: Sie bzw. die Kommission insgesamt haben im Juni dieses Jahres unseren Bauern eine Milliarde Euro an möglichen Hilfgeldern versprochen. Wo kam diese Zahl von einer Milliarde denn her? War das ein PR-Gag oder war das eine Hoffnung, dass es dabei bleiben würde?

1-024-0000

Phil Hogan, Commissioner-designate. – Well I'm surprised that you would call into question money for farmers. Farmers are very happy to know that there's money on the way. I've never seen them object to it.

But this is a prudent sum of money that's put aside, in the event of market imbalance, and market disturbance, for our farmers and it was agreed by the President of the Commission, with the Commission at the time, in order to reassure our sectors that were engaging in some sectoral issues that were sensitive, like in the agricultural area, where we were on the defensive rather than offensive on this occasion. This particular reassurance on the safeguards, on the quality of the food products coming in, as well as on financial support in the event that there was market disturbance, is outside the CAP budget.

1-025-0000

Geert Bourgeois (ECR). – Wij geloven zeer sterk in vrije en faire handel als basis voor dialoog, voor stabiliteit, maar ook voor duurzame groei. Dus inderdaad: state-of-the-art-handelsverdragen, het multilateralisme verdedigen, de WTO redden. Maar ook moet de Europese Unie onze bedrijven beschermen: enerzijds tegen dumping, anderzijds wanneer zij ten onrechte beschuldigd worden van dumpingpraktijken in het buitenland. Dat is zoals u weet het geval met onze aardappelverwerkende nijverheid: eerst in Zuid-Afrika, nu ook in een aantal Zuid-Amerikaanse landen. Mijns inziens is daar niet snel genoeg, niet assertief genoeg op gereageerd. Bent u bereid om daar actie in te ondernemen om onze ondernemingen en evenzeer onze jobs te beschermen?

1-026-0000

Phil Hogan, Commissioner-designate. – I agree with the general sentiment that you have expressed – that we need to be faster in relation to our response and we need to be able to help our small and medium-sized businesses as well to be able to generate the necessary evidence-based proof that is needed in order to generate the safeguards and to help them in the event that there are allegations made against them.

Because often small businesses, as you're well aware of yourself in Flanders, are particular small companies that cannot afford to be going to expensive litigation and expensive procedures elsewhere in order to justify the issue against them.

So what we are looking at very intensively in DG Trade – and I have spoken to the officials about this – is how we can get earlier resolution of cases and how we can do more for small and medium-sized enterprises in terms of giving them help and support, and also of engaging with Member States and regions as well to see what mechanisms we can work together on rather than to duplicate the help we can give with particular focus on small and medium-sized enterprises.

So we have identified major deficiencies in some areas – you are aware of the Colombian situation and the Colombian decision imposing anti-dumping duties on, of all things, Belgian frozen fries. I'm sure that this is an issue that you have in mind when you raise this particular question. I personally met the Colombian Minister for Foreign Affairs last year to raise this issue and express our concerns, but we haven't really got a satisfactory outcome from the political engagement. So we have to look at other options.

1-027-0000

Geert Bourgeois (ECR). – Wel, ik geloof heel sterk dat het nodig is om daar heel snel en assertief in op te treden, want nu is er een spill-over geweest: eerst Zuid-Afrika, dan diverse Zuid-Amerikaanse landen. Heel concreet heb ik nog een vraag: ziet u daarin een rol weggelegd voor de *Chief Trade Enforcement Officer*, om ook in zulke gevallen snel en accuraat op te treden?

1-028-0000

Phil Hogan, Commissioner-designate. – I think the Chief Trade Enforcement Officer is going to be very busy, certainly, and I think that's a good thing because otherwise the Commissioner would have to do everything. But we can work together and work with you in order to make sure that we have a division of work to get a good outcome.

Just to assure you, Mr Bourgeois, the issue that I know you are alluding to in relation to potatoes and Belgian fries – an iconic product in this part of the world – is something that we are dealing with in a very serious way in the Commission. I know that Ms Van Brempt is interested in this as well.

We have submitted a request for review of the case to the Colombian authorities. These efforts have been inconclusive, as I said, but the Commission is not standing idly by, and we will now quickly assess, and decide on, the option of bringing the dispute with Colombia before the WTO.

1-028-5000

Bernd Lange, Chair INTA. – And, of course, German fries are also concerned!

1-029-0000

Helmut Scholz (GUE/NGL). – Probably the whole evening we will speak about rules, about fair and ethical trade, about the question of principles, as well as the implementation of fair trade. In your written answer you referred to having to strive to find a new balance for the WTO by creating new rules, where needed, for a level playing field, reforming the dispute settlement mechanism, facilitating the integration of plurilateral work undertaken by interested WTO members.

In the UNCTAD Geneva Principles for a Global Green New Deal there is, demand number one, that the global rules should be calibrated towards overarching goals of social and economic stability, shared prosperity and environmental sustainability, and the protection against capture by the most powerful players.

Do you agree that, for example, the due diligence requirements for the supply chains in the garment sector proposed by the European Parliament would be such a tool...?

(The Chair cut off the speaker)

1-030-0000

Phil Hogan, *Commissioner-designate*. – As I said in an earlier reply – and if this Committee decides to prioritise this initiative on due diligence as part of your work programme for the future, as part of an initiative taken by the European Parliament, under the political guidelines of Ms von der Leyen, President-elect – I'd be very happy to engage with you in relation to what the scope of that particular proposal should be, taking into account the experience that we have in some of these areas, like textiles, where we saw the case in relation to the United States and Guatemala, for example, where it took seven years in order to conclude the case and it didn't go exactly the way we wanted it to.

So as to the way we should actually approach these matters, I'm certainly open to suggestions, open to your opinions, and to working with your Committee here in various ways to get the best possible outcome, taking into account the experience of others where it hasn't worked exactly the way we intended.

1-031-0000

Helmut Scholz (GUE/NGL). – It leads us to the question of how we are making this binding, how we are making it implementable. For example, we also need support from the stakeholders in the economies, and from the consumers, because trade is about the way of production, of consumption, and of our way of life.

So how do you want to promote this idea of fair and ethical trade in public, among the citizens? Will you continue the work on the fair and ethical trade award as it started during this legislative period?

1-032-0000

Phil Hogan, *Commissioner-designate*. – I would be very happy to support that initiative of fair and ethical trade in the awards that are being done and I know that Ghent has been the recipient of the award in 2019 and I'm very happy to support the awards again in 2020 and beyond.

So this is a way of showcasing, in a good communication, what we can do together in order to utilise the information that we have in a very practical way at these sort of public events and also hopefully generate the consciousness of the individuals in terms of their purchases and the consumption of these products from various parts of the world.

1-033-0000

Jörgen Warborn (PPE). – My question concerns small and medium-sized enterprises since they really form the backbone of the European economy.

The European Union has taken the lead in negotiating new free trade agreements (FTAs) with more partners than any other leading trading bloc. But unfortunately, exporters and importers, and especially SMEs, do not use the opportunities that the trade agreements create for them. Only two-thirds of our exporters use the FTAs.

So my questions are two. What concrete steps will you take to increase the rate of SME utilisation of our FTAs? And will you consider pushing for more flexible and simple rules of origin, so that our exporters and importers actually use these agreements?

1-034-0000

Phil Hogan, *Commissioner-designate*. – As you've said, we have a significant number of small businesses and they generate 80% of our trade in the European Union. The figure I have for SMEs which export outside the European Union is 700 000, and they represent more than one-third of all EU exports and support 6 million jobs. So what you're asking me is very important for the European economy.

What can we do? Well, we have dedicated chapters now in our free trade agreements (FTAs) about the role of small and medium-sized businesses and what, directly, we can do to help them. We will always ensure in every FTA that there is a dedicated chapter to address specific needs of the SME sector.

Raising awareness of these agreements with our SME sector has been a problem. As I said in reply to a previous question, between the Member States and Parliament and ourselves, as public representatives, we have a role to play with the stakeholders in each Member State in order to do better in terms of raising awareness and creating new platforms to develop specific measures for our SME sector.

I am prepared to listen to what is the best practice, because the Commission cannot do everything. Trade policy can't do everything, but when we get a good agreement with good chapters on SMEs, it's a terrible pity if we can't actually get our SMEs to be able to take advantage of that.

Rules of origin are an outcome of negotiations between partners who may have diverging interests and approaches, and differences in the rules of origin are sometimes unavoidable, but we try to mitigate them as far as possible in agreements. So we will talk about the consistency of rules of origin in different EU FTAs, but there are always a few that will diverge.

1-035-0000

Jürgen Warborn (PPE). – One issue that is important to all businesses, but especially for SMEs, is of course bureaucracy. I know that in your mission letter it says that you should use the principle 'One-in, one-out', so I would like to ask you, how you plan to engage with this principle when it comes to trade?

1-036-0000

Phil Hogan, Commissioner-designate. – President von der Leyen indicated that very significant statement in her political guidelines, and I have been asking myself the very same question, to know how we could engage in trade with this issue, because you don't have that much legislation, but nevertheless I'm sure that we will work together to try and find something that would be in the spirit of better regulation under the new political guidelines. You know I'm sure that we can find something where we often duplicate in legislation, and that perhaps we can look at the administrative burden that it causes to small and medium-sized enterprises.

1-037-0000

Nicola Danti (S&D). – Signor Commissario, se me lo consente io riprenderei il tema dell'Organizzazione mondiale del commercio: alcuni colleghi l'hanno già sottolineato, è chiaro che l'istituzione ha una crisi politica e istituzionale molto forte e che i negoziati multilaterali ormai appaiono bloccati da anni. Nelle risposte scritte che ci ha già fornito, Lei ha dedicato una parte significativa a questo tema e si è posto anche degli obiettivi molto importanti: quello di un'iniziativa forte dall'inizio del 2020 per arrivare al 2022 con alcune risposte.

Io vorrei capire in maniera dettagliata – Lei l'ha accennato nel Suo intervento ma vorrei che andasse più nello specifico – riguardo a due priorità della Commissione che abbiamo posto in questa legislatura, il cambiamento climatico e l'agenda sociale, quali sono le proposte che Lei intende portare all'interno delle modifiche dell'OMC.

1-038-0000

Phil Hogan, Commissioner-designate. – Well as I said earlier, we are trying to engage with our like-minded partners to try and ensure that we don't have a crash in relation to the Appellate Body in December. We have made suggestions to the United States, we haven't got a response yet, but in particular, the European Union's agenda would be new rules to reinstate a level playing field as

required. On the industrial subsidies and on the technological area in particular, the rules have to be strengthened in three areas – in transparency, in foreign subsidies and in forced technology transfers. That of course should occupy some of our time in the WTO where we are engaging with China in the WTO on these issues.

Secondly, it's clear that the WTO in its present configuration is not working and functioning efficiently and effectively. I've spoken to Director-General Azevêdo about that today, he accepts that, and we have to work together to try and speed up the decision-making process to look at plurilateral approaches rather than multilateral from time to time, because we don't want to have a situation where we are blocked completely in relation to decision-making.

Finally, the definition of development status of a country is now under discussion again. It is hard to understand that some countries which are designated as 'development' are some of the powerhouses of the world and they are still designated and defined with development status. So long as we have countries that are looking for special and differentiated treatment, it should be on the basis of needs and evidence rather than actually on some of the more powerful economies that we see under that category at the moment. So these are the agenda reforms in the short to medium term that we are willing to pursue at EU level.

1-039-0000

Nicola Danti (S&D). – Vorrei affrontare anche un altro tema, che è già globalizzato e non ha regole: il tema del digitale e dell'e-commerce. Penso che sia un tema particolarmente importante per tutelare i cittadini europei, sia per quanto attiene ai beni che arrivano nel nostro territorio, attraverso il mercato digitale, sia per quanto riguarda la tutela dei dati personali dei cittadini europei. Penso che anche su questo tema all'interno dell'OMC bisognerebbe avere una posizione molto forte. Vorrei sapere quali sono le azioni che intende portare avanti rispetto alla tutela dei cittadini europei su un tema importante come il commercio elettronico.

1-040-0000

Phil Hogan, Commissioner-designate. – Well, there are two objectives, but of course the personal and private data of the individual has to be protected. But equally we have to open up digital trade to everybody. So these are the twin objectives of what we're trying to achieve under the e-commerce negotiations in the WTO.

I am becoming more familiar with the dossier on this because we have submitted revised proposals in recent times to try and unlock the potential for this. We were expecting that we would make more progress in 2019, but I would hope that by MC12, by June next year, that we may be able to reach an agreement.

We are getting some traction with China and getting some traction with the United States and Japan as well on this particularly important file because in addition to the European Union, they are the big players in all of this.

So we see this as a very important development in dealing with the industrial subsidies, the force technology transfers, the IP theft issues – all of these are hugely important for our companies. If we want to go forward with a strong opening in a digital single market and a strong opening for the European businesses and digital trade, we have to have some level playing field and disciplines and rules that we all can work with globally.

1-041-0000

Jordi Cañas (Renew). – Señor Hogan, en base a sus respuestas escritas damos por hecho que usted se compromete a apoyar el Acuerdo comercial con Mercosur. Nos gustaría un compromiso más explícito en su respuesta, o en su intervención.

Este es un acuerdo que, de ratificarse finalmente, ofrecería, por un lado, extraordinarias oportunidades a sectores importantes de nuestra industria, a nuestros productores, y consolidaría, además, la presencia de la Unión Europea en una región en un momento en que nuestros competidores comerciales están tomando sólidas posiciones y en algunos aspectos están superando a Europa como inversores directos.

Es cierto que este debate genera oportunidades, pero también ha generado dudas, legítimas, por parte de determinados sectores agrarios y ganaderos en Europa y también unas dudas, unas preocupaciones legítimas de los sectores medioambientales por la gestión de los últimos quince años en el Amazonas, que ha alertado sobre el posible incumplimiento de los capítulos medioambientales.

La pregunta concreta es: ¿Qué estrategia piensa emplear usted para garantizar que tendremos un acuerdo con Mercosur equilibrado, justo, sostenible y con mecanismos eficientes que permitan exigir el cumplimiento de los compromisos medioambientales, especialmente el Acuerdo de París, así como los acuerdos alcanzados sobre derechos humanos y condiciones laborales?

1-042-0000

Phil Hogan, *Commissioner-designate*. – As I suggested earlier, we would have a very weak argument in order to deal with these issues, from the point of view of the European Union, if we did not have an agreement with Mercosur.

I understand the sensitivities of the agricultural sector, but in the case of your country, you're a strong supporter of a Mercosur agreement with the European Union – I think in most sectors, because the benefits on the industrial side and the benefits and procurement, the benefits for many of the agricultural areas that affect your country are very positive in terms of trade reductions or trade liberalisation and duty reductions. At the same time we achieved a significant win in geographical indication protection, which allows our model of rural intellectual property to be able to be disseminated into that region.

Sometimes we have enemies out there in the market place who do not appreciate the European model of rural intellectual property – our geographical indication system, which is a system that means high quality.

So I think that we have a lot of positives in the agreement and we also have to be mindful of our sensitivities, especially in the agricultural sector, and to be able to manage these successfully.

The safeguard mechanisms that we've put in place are worth noting, particularly as they affect agriculture, but also the leverage effect that we get from market access for the TSD chapter is huge, and to be able to convince the Brazilians to join us in the Paris Agreement and to sign up to it means an enormous amount, rather than having another difficult situation where South America and the United States were together, leaving the Paris Agreement.

So in expecting the European Union to be leaders and then having such big entities that are outside the scope of the agreement, I think we can say that this was a very positive outcome in ensuring that the four countries of South America came with the European Union's side in relation to this TSD chapter.

There's always a balanced outcome, but I think overall, certainly from the point of view of leverage of market access for the issues that are questioned by you, I think that we have received a good outcome.

1-043-0000

Jordi Cañas (Renew). – Nuestra obligación no es convencer a los convencidos ||yo soy un firme convencido por lo que respecta al Acuerdo||, sino convencer a los no convencidos. Y para eso hay que dar los argumentos suficientes para evitar las dudas razonables.

Y quiero volver a preguntar porque creo que en los últimos tiempos se nos han dado signos evidentes de que algunos compromisos no se alcanzan porque no hay mecanismos de control suficientes que permitan ejecutar adecuadamente los cumplimientos efectivos, los mecanismos de salvaguarda.

Y eso es un hecho que está encima de la mesa y que provoca preocupación, cuando además hay capítulos importantes y una parte de nuestra opinión pública, como ciudadanos europeos, exige ese cumplimiento de los compromisos medioambientales, especialmente el Acuerdo de París.

Entonces, ya sabemos que tenemos que estar allí, porque es peor el no acuerdo, pero, y esta es la pregunta, ¿qué vamos a hacer para poder perfeccionar y mejorar esos mecanismos de salvaguarda, esos mecanismos de cumplimiento efectivo que permitan convencer a los que no están convencidos.

1-044-0000

Phil Hogan, Commissioner-designate. – Well, for example, if any of the countries of Mercosur decided that they were not going to be partners with the European Union and being part of the Paris Agreement, there'll be no deal, so that's a safeguard that people have in terms of the sustainability agenda. This is not the ideal one, but nevertheless it's an option that people have. If we don't see progress in the dialogue that we will have in terms of bringing about ratification of this agreement, Member States, regions, Members of the European Parliament have an option, and we certainly tell our partners in Mercosur that this is the way that the process works. So there is huge pressure on the Mercosur side, as well, in order to ensure that there is a positive outcome to the ratification process. This is where we have some leverage still that we can play with.

But the safeguard mechanism, first of all in agriculture, for our sensitive TRQ products, it's the first time that we have a safeguard mechanism and we have a precedent now because we've used it in relation to rice in Italy and Spain, in relation to Cambodia and Myanmar, where we've used this safeguard mechanism based on the evidence supplied, and we don't have to recreate a precedent. We already know how the system will work and how the evidence can be gathered, so this is one example. We still control the licences, we control the establishments that will be approved for beef, for example. Any product will not come into the European Union without actually meeting EU standards and there will be 100% checks and controls by Member States in respect of those products. So I think we have to do better on the communication, I agree, but we will work with each other to try and make sure that we have accurate information and good information.

1-045-0000

Anna Asimakopoulou (PPE). – Your mission letter states that Europe is at the heart of the rule-based multilateral system, and one of your priorities is to lead on the reform of the World Trade Organization, notably in the fields of forced technology transfer and e-commerce. At the same time, though, you're asked to strengthen Europe's leadership in relation to both the United States and to China. My question is twofold. Firstly, how do you plan to balance these tensions between multilateralism and free trade, on the one hand, and protective measures alongside other policy instruments in the context of World Trade Organization reform, on the other hand?

Secondly, how do you plan to involve us here at Parliament and our committee in your efforts with respect to WTO reform – which is something in your written answers you mentioned is a priority for you?

1-046-0000

Phil Hogan, Commissioner-designate. – Well as I said earlier, the WTO is facing its deepest crisis since its creation, and you are well aware of the problems – the dispute settlement mechanism is falling apart, the rule-making is paralysed and transparency has been under-used. Europe will continue to do everything we possibly can at the WTO and to put the WTO at the centre of our global trade because we have to protect our rules-based multilateral approach otherwise, as I said, we'd have the law of the jungle. And in that sense, we see that there is a number of issues that we can agree with the United States if they are of a like mind to come with us, but we have no indication whatsoever from the United States that they are willing to work with the European Union or any other partner in order to deal with the reform that is necessary in the WTO. I think the WTO itself realised that there needs to be reform.

But equally, the European Union has to stand up for its own values and its own interests and it has to play from a position of greater strength than we have today, and this is where our trade defence instruments are very important, and the work that you have done in Parliament to date is very important. You have further work to do and I will work with you in Parliament in order to ensure that we have the proper toolbox in place that is able to exercise some leverage in relation to the issues that we have to deal with like forced technology transfer, like IP theft, like state-owned enterprises in China that are being subsidised in order to go into markets like the European Union. And we have to operate on the basis that we are protecting our European business, on the one hand, that we have a level playing field, and as an open economy, we want to see others opening up and implementing what they said they would do many years ago when they joined the WTO.

1-047-0000

Anna-Michelle Asimakopoulou (PPE). – I would like you briefly to tell us what your position is with respect to the proposed multilateral investment court? This is, as you know, a discussion that is ongoing with the United Nations Commission on International Trade Law. Could you just touch on that, and on what your position and your specific plans are with respect to its establishment?

1-048-0000

Phil Hogan, Commissioner-designate. – In brief, it's a very new initiative, as you know, but we are actually in favour of establishing the multilateral courts, and the necessary work is under way in order to bring that about. But it's early days yet. However I think that there is a need for these particular courts to be established in order to give effect to our trade policy.

1-049-0000

Inma Rodríguez-Piñero (S&D). – Señor comisario, hemos hablado mucho de la necesidad, que compartimos, de fomentar el sistema multilateral de comercio basado en reglas y la reforma de la OMC. Y usted ha hecho referencia a la necesaria implicación de los Estados Unidos.

Pero, desde luego, también de China. Y, en este sentido, tenemos que tener en cuenta que China se ha beneficiado de un sistema que le ha permitido desarrollar una competencia desleal que justifica, en parte, la necesaria reforma que ahora hemos de hacer.

¿Cómo cree que va a conseguir que China se involucre y responsabilice efectivamente en la necesaria reforma de la OMC? ¿Cómo va a conseguir, al mismo tiempo, efectivamente, reforzar los instrumentos de defensa comercial y, específicamente, las cláusulas de salvaguardia?

Y me gustaría que me dijera si va a tener en cuenta los costes en los que incurren las pequeñas y medianas empresas y nuestros agricultores para soportar la carga de la prueba, tanto en términos burocráticos como en términos económicos.

Y, habiendo sido usted comisario de Comercio Internacional, perdón, de Agricultura, ¿qué va a hacer y hasta dónde se va a implicar para conseguir una mayor protección de los sectores agrícolas más sensibles?

1-050-0000

Phil Hogan, *Commissioner-designate*. – From my engagement with some people already, I think that there is an appetite in many countries to engage in ensuring that the WTO process is maintained. We have worked with Canada in developing a new arbitration system, but it will be on a temporary and interim basis. Hopefully more countries will join, because you need a lot more than two entities and two geographical blocs in order to have a meaningful outcome. I will also take an early opportunity to engage with the United States to see what they actually want, because they have not told us what they want, in spite of the fact that we have been making some proposals to the United States for some months now.

So I know that we were getting into a political season as well in the United States, which may come into effect and take into account what the attitude will be.

In the WTO reform process we have an engagement with China, we do not have an engagement with the United States presently. I hope that we will. The cost of the trade defence system – and I suspect you're thinking about a certain piece of legislation where it might have a dramatic impact in terms of costs to small and medium-sized businesses – depends on where the co-legislators will end up with the threshold, in relation to the outcome of that legislation. This will determine whether we have a heavy burden of costs on small and medium-sized enterprises or not.

So that's a matter that we will engage with as co-legislators in the legislation that is going to trialogues very soon, where we can set the threshold at a reasonable level. Costs are hugely important from the point of view of small businesses, and how we help them to be able to manage those costs in taking a case is a big burden on them. I realise that. So therefore the thresholds that we set are important.

1-051-0000

Inma Rodríguez-Piñero (S&D). – Tanto en su contestación por escrito en la estrategia comercial como a lo largo de su intervención de esta tarde no ha mencionado para nada las relaciones económicas, comerciales y de cooperación entre la Unión Europea y Latinoamérica. No las prioriza. ¿A qué responde que no se hayan tenido para nada en cuenta?

También me preocupa que su compromiso de involucrar la perspectiva de género en la política de acuerdos comerciales me ha parecido muy poco ambicioso. Hoy precisamente se ha celebrado el evento *She Trades*. Ha habido un gran compromiso de la comisaria Malmström por incorporar la perspectiva de género en los foros comerciales y que las mujeres se beneficien, y me gustaría saber cuál va a ser su compromiso.

Y, finalmente, tenemos un arancel exterior común, pero carecemos de una unión aduanera común porque los procedimientos, sanciones y controles no son homogéneos y entran por cada puerto, en función de adónde vayan, cantidad de productos falsificados [el 80 % procede de China] y productos agrarios que incorporan plagas y que no cumplen los estrictos controles fitosanitarios que exigimos a nuestra agricultura.

¿Va a poder implicarse, en cooperación con los comisarios competentes de Economía y Mercado Interior, para conseguir una unión aduanera?

1-052-0000

Phil Hogan, Commissioner-designate. – Well, no product under our SPS (Sanitary and Phyto-Sanitary Measures) system comes into the European Union except under the auspices of the EU SPS system itself, and our regulations.

And our Member States are the ones responsible for doing the controls and checks on our behalf. When we had a scandal in Brazil three years ago, we immediately had 100% checks and controls in order to deal with this issue.

So if there are complaints or if there is evidence of any particular SPS problems, you should report it to your Member State in the first instance, who are operating under the EU regulation on SPS. We have very strong chapters on SPS and it's not negotiable in any of our free trade agreements, our SPS chapter. Everybody has to raise their standards to EU standards, not the other way around.

On gender equality, I'm glad you mentioned Commissioner Malmström's commitment to gender equality because she rightly was able to point to this today at a conference, where perhaps maybe you were present. And I'm sure that she has an agenda of work for me to do in relation to gender equality, which I am very happy to engage with.

The Irish Members of Parliament here will tell you here that I'm not averse to actually promoting the notion of gender equality when it comes to participation in elections in my own country. As Minister for the Environment, I actually introduced the legislation to ensure that more women were able to participate in national politics, with some very good results.

So you don't have to convince me, I can assure you, in relation to gender issues and gender equality issues, and if we can utilise trade policy for that to achieve those objectives, there's no difficulty.

1-053-0000

Anna Cavazzini (Verts/ALE). – Mr Hogan, your portfolio covers EU investment protection policy – for which, in Ms von der Leyen's mission letter, there were not really specific goals. That is a little unfortunate, since in recent years special rights and special courts for foreign investors have raised deep concern among EU citizens, and also since the projects under way in your departments are manifold. Your departments' work on the multilateral investment accord, on an investment agreement with China, on the reform of the European Energy Charter Treaty – and at the same time in relation to court cases against, for example, coal phase-out and fossil-fuel phase-out – is growing.

So my question is: do you share my opinion that investment protection rules have a strong impact on how we are able to meet our policy objectives, first and foremost in the fight against climate change?

If so, will you ensure that the Sustainable Development Goals and climate imperatives take precedence over investors' rights, especially with a view to the multilateral investment court and the reform of the Energy Charter Treaty?

My last question, given that there are investors' rights, is: are you also happy about, and looking forward to, engaging investor obligations, on the other hand, when it comes to human rights and environmental obligations?

1-054-0000

Phil Hogan, *Commissioner-designate*. – I know I have to bow to your superior knowledge on these matters because I know you were the policy expert for your party for five years. So you're going to drill more deeply into the technical issues than I would be able to do in two weeks trying to prepare for these hearings. Notwithstanding that, I am in favour of the establishment of the multi-investor court system. As I said earlier, EU investment protection agreements do protect the assets of European companies, which have established themselves abroad, against a limited set of practices by the whole state. But such investment protection rules are embedded in, and observed in, the legal systems in the EU and the Member States. So they may not always be guaranteed in other jurisdictions, and I think this is the question you're trying to convey to me – the importance of having a safety net for European companies operating in foreign markets comes into play.

I certainly am not going to say tonight that I'm an expert in legal terms in relation to what you're proposing, but I'm willing to engage with you and engage with the people that have an interest in the establishment of these courts in a meaningful way, to tease out the implications of what is involved, notwithstanding the principle of what I said, i.e. that the establishment of these courts is important.

1-055-0000

Anna Cavazzini (Verts/ALE). – I have a follow-up on a very connected area. I'm following up on colleagues' questions beforehand. I think you have heard in the Committee that there's a big interest in the Trade and Sustainable Development chapter, and in the SDGs and in climate change, and you mention that you will concentrate first and foremost on enforcement. This is of course good, but I wonder – because as the SDGs are new and you also have a specific mission in your mission letter on the SDGs – what new proposals you have to really implement the SDGs and sustainability throughout the new trade agreements and not only in the Trade and Sustainable Development chapter.

1-056-0000

Phil Hogan, *Commissioner designate*. – I think (inaudible) trade and sustainable development is hugely important and we already have our international commitments to the Paris Agreement and through various other agreements, and through the sustainable development goals. It will be certainly an objective of mine, through the WTO process, to integrate the sustainable development goals as part of our work programme for the WTO, and which includes a lot of binding commitments that people have signed up to. Also, following your debate in 2017/2018, you developed a 15-point action plan on the implementation on the TSD Chapter, which I would take as an agenda of work that we could implement as well.

So we have much we can do and we have included a lot of binding commitments and dispute resolution settlements within the FTAs that we've done, but I think with that agenda, either in the WTO or here in the European Parliament, if we can implement those particular objectives, we'll make a lot of progress in the next five years.

1-057-0000

Marco Campomenosi (ID). – Signor Commissario, per quanto riguarda la sentenza della WTO sul caso Airbus, il caso è molto delicato: si assiste a una situazione per cui un paese che non è parte del progetto Airbus, l'Italia, sarebbe probabilmente il secondo più colpito dall'applicazione dei nuovi dazi americani in seguito alla sentenza e, in particolare, sarebbe colpito il settore agroalimentare, che nulla c'entra con la vicenda.

Quindi sono convinto, e spero, che appena sarà possibile Lei si impegnerà affinché si cerchi un migliore equilibrio circa l'applicazione della sentenza, perché Lei sa benissimo, perché è stato commissario all'agricoltura fino ad adesso, che Mercosur, Vietnam, Australia, Nuova Zelanda, ma

anche Stati Uniti sono tutti accordi commerciali che preoccupano molto il settore agricolo e agroalimentare. Può impegnarsi in questo senso?

1-058-0000

Phil Hogan, *Commissioner-designate*. – Well, first of all, agriculture is not part of any negotiation with the United States. Secondly, I wish the United States would engage with us, because Airbus has to come into compliance arising from the WTO decision, and they should. If they would negotiate with us on the basis of what's coming down in the future in relation to Boeing, we would not have to impose a retaliatory set of actions.

We have to wait to see the extent of what tariffs are going to be imposed by the United States, in the first instance. If it's 5 billion, if it's 10 billion or 25 billion has been mentioned. So when we see the extent, of course I will engage with stakeholders in this committee and elsewhere, to have a look at what we have to do to stand up for ourselves in the European Union and to be able to deal with it – not just immediately, but we also have to take into account the retaliatory action that we may have in the context of the Boeing decision.

So I would ask the United States to negotiate with us, rather than actually having a 'tit for tat' trade war that only does damage to both economies and both sectors on the civil aviation side.

1-059-0000

Marco Campomenosi (ID). – Hübner, Mandelson, Ashton, Ferrero-Waldner, De Gucht, Malmström, Hogan: sono tutti commissari europei dal 2004 a oggi che rappresentano paesi con interessi commerciali diversi e spesso opposti a quelli di chi si affaccia sul Mediterraneo. Quindi sarebbe importante avere veramente un approccio nuovo che impegni veramente la Commissione europea sulla promozione della difesa delle indicazioni geografiche e delle eccellenze.

Credo che la Sua esperienza ci possa offrire garanzie in questo senso, però Le chiedo se è conscio delle preoccupazioni di chi vede per l'ennesima volta il rappresentante di un paese molto lontano dalla tutela di questi interessi a rappresentare in maniera esclusiva il potere negoziale di tutta l'Europa in un settore così delicato.

1-060-0000

Phil Hogan, *Commissioner-designate*. – First of all I'm not Commissioner yet, so the name 'Hogan' is a bit premature!

I have a job to do as Trade Commissioner, with your support, in defending EU interests. We are not going to impose tariffs because of Airbus. It's the United States who are going to impose tariffs. And I hope that the Italian Government and all the influence you can bring to bear on your friends in the United States – of which I know you have many – will be able to convince them that an agreed solution with the European Union is the way forward.

We tabled proposals in July in order to try and reach agreement with the United States in a constructive way. I do understand that there will be countries, like the one I know best, who will have a similar view perhaps as you, in Italy, but we have to defend the European Union and certainly we have to stand up for our trading interests overall, even though it might not in the short term be too easy to do so.

1-061-0000

Jan Zahradil (ECR). – Let me turn, once again, your attention to Asia. You have described in very pragmatic and realistic terms our relations with China as being a bit imbalanced and far from perfect.

On the one hand, it's a great market, a great opportunity; on the other hand we have somehow bumpy relations. We had a dispute over so-called market economy status. We introduced the investment screening procedure.

Could you be a bit more specific on how you would design our own EU autonomous negotiation strategy vis-à-vis China in a few concrete steps – something which really would be the EU's own and not just a copy-paste, for instance, of the US position or any other position?

1-062-0000

Phil Hogan, *Commissioner-designate*. – As you know we are in negotiations with China at the moment in relation to an EU-China Investment Agreement. This provides the political opportunity and platform to explore all of the issues that have been mentioned already this evening, including some of the concrete steps that I've mentioned about state-owned enterprises, forced technology transfer and the manner in which their economy has not opened up as much as was promised.

So we are engaging, and I am asked in my mission statement by President von der Leyen to conclude these negotiations by the end of 2020.

So when you look at my mission statement and all I have to do, you can see that this is a very major piece of work and to achieve this outcome will be quite challenging.

But we will start with the WTO meeting on 5 November in Shanghai, at which I will be present, and I will meet all of the various political representatives at the highest level, except President Xi Jinping, in relation to trying to advance a number of areas of importance to the European Union, including the WTO reform and the issue about completing the international investment agreement that we are negotiating by the end of 2020.

1-063-0000

Jan Zahradil (ECR). – China is also engaged in many South-East Asian countries, it has very strong links, and therefore many of those countries are tempted to conclude trade deals with us in order to have some geopolitical balance against Chinese influence. What is your perspective on that development? How do you see our trade relations, for instance, with the ASEAN countries? Do you believe that we should continue our country-by-country approach, or would you rather be in favour of doing something similar to what we did with Mercosur and try to find a way to do some wider EU-ASEAN trade deal?

1-064-0000

Phil Hogan, *Commissioner-designate*. – Well, Commissioner Malmström has made every possible effort to conclude a region-to-region agreement with the ASEAN region, but various countries have different problems and we cannot actually negotiate with these countries presently.

For example, Philippines has not been in a position since 2015 to negotiate with us, for issues that are well known to you. Thailand and Malaysia have some difficulties in relation to the mandate that you have given us to negotiate as well, in terms of complying with very important chapters like Trade and Sustainable Development chapters.

But we have done really very good deals with Vietnam, with whom your Committee is engaging in the ratification process. This is an excellent deal for the European Union and I hope it will be ratified. Of course, clarification on various issues is needed, but you will get that clarification, I hope, when you visit Vietnam at the end of October. Also Singapore, with whom we expect a deal to come into effect between now and the end of this year. We have had a number of issues that

will be important concerning geographical indications that we have recently resolved with them, so hopefully that will come into it. And of course we have the South Korea deal since 2009. So, country by country, we are making progress. Indonesia has an opportunity, but again there are many issues there. We have tabled ambitious proposals on the environment and sustainability, and we are waiting for responses from Indonesia.

All in all, I don't see progress on a region-to-region basis, but I see a lot of progress on a country basis which we are making along the lines I have just said.

1-065-0000

David McAllister (PPE). – President von der Leyen asked you to strengthen Europe's ability to protect itself from unfair trade practices, inter alia through the use of a new system for screening foreign direct investments.

Now this new system only seems to coordinate the national monitoring systems in those 12 Member States that have a similar screening system. So my question is: do you intend to beef-up the mechanism for foreign direct investment screening?

1-066-0000

Phil Hogan, Commissioner-designate. The answer to that is yes. I'd like to see a coordinated and harmonised approach for all Member States of the European Union. I hope we can achieve that. There are some concerns in some Member States in relation to this, particularly our friends who are in the 17+1.

We have to work together to see whether we can get an EU position on this, as beefing up this particular screening mechanism is essential if we want to protect our critical technologies and our critical infrastructure. We just cannot take a chance on these issues. If we are a very open economy, as we are – the internal market is probably the most open in the world – we expect the same of the people that we are trading with, and we have been promised a lot by China. It has not been delivered yet. So let's see what we can do with the investment agreement in order to make better progress.

Of course, there are other instruments as well – notably the International Procurement Instrument, with which you are very familiar and which is going through the committee at the moment.

1-067-0000

David McAllister (PPE). – Commissioner-designate, global public procurement markets are characterised by strong imbalances. While the European public procurement market is open to third-country bidders, as you pointed out, EU bidders face even higher obstacles in third-country markets.

There is a legislative proposal by the Commission on the new International Procurement Instrument. How will you move this forward?

1-068-0000

Marie-Pierre Vedrenne (Renew). – Monsieur le commissaire désigné, vous l'avez dit: notre politique commerciale doit être fondée sur la réciprocité et des règles de concurrence équitables pour garantir les intérêts européens.

On vient de l'évoquer, plus de la moitié des marchés publics mondiaux sont actuellement fermés à la libre concurrence, du fait de mesures protectionnistes. Comment, concrètement, allez-vous contribuer au déblocage du règlement sur l'accès aux marchés publics? Plus largement, quelles

nouvelles propositions législatives comptez-vous faire pour garantir la défense du multilatéralisme et le rôle clé de l'Union européenne?

Sur le suivi de notre politique commerciale et le respect de sa mise en œuvre, notamment sur les questions du développement durable, nous avons évoqué la nomination d'un *Chief Trade Enforcement Officer*. Cela va dans le bon sens, mais j'aimerais vous entendre sur les modalités de la création de ce poste: avez-vous déjà des candidats? Quels moyens humains seront attribués à ces personnes? Quelles interactions avec votre cabinet et notre institution?

1-069-0000

Phil Hogan, *Commissioner-designate*. – Well of course if you want to reform the way we have an open rules-based multilateral approach, we have to start with the body that is at the centre of adjudicating on all of these rules and implementing the disciplines on behalf of all of the participant countries, and that's the World Trade Organization. I've explained some of the ideas to Mr Danti earlier on in relation to how I see this happening, but in the absence of getting support from the United States to do this, we have to have a Plan B, and we're working on this, and we will table proposals and take leadership in the European Union in the second half of 2020. We will get an opportunity to discuss then with this committee about what we will do in order to ensure that we have a rules-based dispute settlement process in place at the end of 2020, hopefully. I've already mentioned as well the issues of trade defence instruments. You've mentioned the public procurement one. I want to advance this and I hope that the Council will see the benefit of having strong trade defence instruments as part of the leverage effect in relation to how we can actually negotiate with countries that are not exactly playing by the rules in relation to foreign subsidies and in relation to forced technology transfers and the theft of IP.

The Chief Trade Enforcement Officer is a very important initiative. I think your country is very familiar with this concept and had promoted it very strongly, and I see this, at a deputy Director-General status in the Department of Trade, and that it would have terms of reference that will actually give it some teeth in relation to the position, and also that it is able to ensure that the Department of Trade is restructured in such a way that it is able to facilitate this appointment in a meaningful way and to be able to give it the necessary resources, human and otherwise, to be able to do the job effectively and well. It's not going to be a standalone agency, but it is going to be politically accountable to all the institutions of the European Union, and hopefully we'll make it as effective as we possibly can.

1-070-0000

Marie-Pierre Vedrenne (Renew). – Ils souhaitent que dans nos négociations commerciales et dans nos accords commerciaux, nos exigences environnementales, sanitaires et sociales soient pleinement prises en compte.

J'aimerais vraiment vous entendre sur des propositions et des actions concrètes pour garantir que les produits importés qui entrent sur le marché européen respectent véritablement nos standards.

1-071-0000

Phil Hogan, *Commissioner-designate*. – The best example I can give you is that of products which were subject to fraud in recent times.

In the organic sector, for example, some years ago we had fraud and we reformed the organics legislation, with the help of rapporteur Martin Häusling in the Agriculture and Rural Development Committee. I worked very closely with him and we achieved a good outcome in relation to standardisation and harmonisation of the rules for our producers of organic produce, both inside the European Union and in terms of similar standards and similar rules for those who want to import from outside into the European Union.

Secondly, our chapters on sanitary and phytosanitary (SPS) measures, particularly in recent agreements, have been solid and ambitious, and we expect all our importing countries to be able to raise their standards to the European Union standards.

This may be important in future agreements as well, including perhaps in the context of negotiating an agreement with the United Kingdom.

If we don't have standards that are very high across the board in relation to agriculture and industrial products, well, then we will allow a situation to arise where other countries will be able to put cheap products – cheap food products in particular perhaps – into our neighbouring jurisdictions, displacing products in the European Union. This would be very unfair to our producers, and we have to guard against it.

1-072-0000

Tiziana Beghin (NI). – Signor Commissario designato, io vorrei tornare sul tema dei *sustainable impact assessment*: la precedente Commissaria non li ha trattati come una priorità, nonostante l'evidente importanza per stimare l'impatto ambientale e sociale e, fondamentale, lascia che i negoziati iniziassero prima che questi studi fossero completati. Le chiedo se Lei prenderebbe l'impegno, invece, di realizzare questi studi e pubblicarli prima dell'inizio dei negoziati per i futuri accordi.

1-073-0000

Phil Hogan, Commissioner-designate. – We do now carry out impact assessments before trade negotiations begin. We do an inception stage, in relation to sustainability and market opportunities. This inception assessment was published this year in relation to some agreements that we have recently concluded.

The sustainability impact assessment will be published before ratification. Probably at about the end of next year we will have publication of the sustainability impact assessment in relation to Mercosur. We will have an economic analysis done, we will have a cumulative impact assessment done, and then we will have an ex-ante assessment done, to see what impact trade agreements are having on each of the sectors. We're doing that for some of the agreements that were completed three or four years ago and which have been implemented for a number of years.

So, I don't think that we're short on assessments, and I'd be very happy to publish them.

1-074-0000

Tiziana Beghin (NI). – Non intendevo prima della ratifica, ma proprio prima dei negoziati: in alcuni casi sarebbe stato importante – mi viene in mente se dovessimo iniziare dei negoziati, per esempio, con paesi che oggi ricadono nel programma EDA, visto, per esempio, il sospetto di utilizzo di lavoro minorile e quant'altro.

A questo proposito mi ricollegerei con un'altra questione riguardante l'attivazione delle clausole di salvaguardia che è stata fatta dalla Commissione recentemente per le importazioni di riso dalla Cambogia. Contro questa decisione la Cambogia però ha presentato ricorso argomentando l'assenza del cosiddetto *Union interest*. Qui mi ricollego anche alla domanda di qualche collega e vorrei chiederLe qual è il Suo concetto di interesse dell'Unione e se crede che sia necessario giungere a una definizione di esso che permetta di agire anche quando un solo Stato membro è messo a rischio.

1-075-0000

Phil Hogan, Commissioner-designate. – Well, I'm not a legal person, so I am not able to help you with the definition of union interests. But I do know the practical reality of the safeguard mechanism for the 'everything but arms' deal that was done some years ago, where Cambodia and

Myanmar were very much involved in rice production and the export of rice to the European Union.

We found over a period of time, the necessary evidence from our countries like Italy and Spain, particularly Italy, that there was a surge in imports from Cambodia of rice to that particular country over a short period of time, and we took action. It took some time, maybe a bit longer than it should have, but we got there and we invoked, for the first time, a safeguard mechanism in favour of Italian and Spanish producers in order to protect their particular business interests and agricultural interests in line with what we had agreed.

This creates a precedent that can be utilised. A safeguard mechanism for other products. Up to now, it was always products that were the subject of liberalisation in relation to a free trade agreement, but now we are in a position where we have a precedent in relation to tariff rate quotas for sensitive products, so we will continue to monitor all of the various imports around the world for which we have free trade agreements, and I think the Cambodian example, where we have acted in order to protect the rice producers of Italy and Spain in respect of Cambodia and Myanmar is a good precedent.

1-076-0000

Joachim Schuster (S&D). Herr Hogan! Ursula von der Leyen hat Sie mit der Gestaltung und Einführung einer CO₂-Grenzsteuer beauftragt. Dieser Anpassungsmechanismus soll ja einerseits ambitionierten Klimaschutz in Europa ermöglichen, andererseits eben aber auch faire Wettbewerbsbedingungen zwischen europäischen und außereuropäischen Herstellern schaffen. Daher müssen Sie in den kommenden Monaten wichtige Entscheidungen treffen. Zunächst muss die Rechtsgrundlage des Instruments gewählt werden: eine umweltpolitische oder eine handelspolitische. Das Instrument könnte die Form einer Steuer haben, die allerdings den Nachteil hätte, dass sie im Rat der Einstimmigkeit bedarf. Man könnte auch einen Anpassungsmechanismus, der nur eine qualifizierte Mehrheit braucht, einrichten. Wichtig ist die Frage, wie das Ganze berechnet wird und wie es mit dem Europäischen Emissionshandelssystem in Verbindung steht, weil es ja WTO-konform sein soll. Und dann ist da natürlich auch die Frage: Gibt es einen Zusammenhang zwischen Höhe der Ausgleichsabgabe und den Umweltschäden?

Deswegen ist für mich die Frage: Können Sie uns unter Berücksichtigung dieser Aspekte – aber auch weiterer Aspekte – Ihre Planung für die CO₂-Grenzsteuer erläutern?

1-077-0000

Phil Hogan, Commissioner-designate. – Well it's a very complex issue and I'm very happy that the lead Commissioner on this is going to be Commissioner Gentiloni, because he is going to be the one responsible for doing all of the due diligence in relation to this matter – the impact assessments – because it's quite a complex issue, as you've just described.

The objective is to avoid carbon leakage and ensure carbon companies can operate on a level playing field, combining this tax with free allocations in the EU Emissions Trading Scheme, because with free allocations there's no cost to be adjusted. So I think that this approach – of course we have to be working as well with Commissioner Timmermans who will be the Commissioner and Executive Vice-President in charge of climate matters, so DG CLIMA. The trade policy in terms of how it becomes involved is certainly something that I will have to tease out and work closely on with Mr Timmermans and Mr Gentiloni. I obviously have not had meetings about this yet, I'm not going to assume the position of Commissioner until I am, but I think that we will have to see what the options are very closely because we don't want to have a situation where we are doing everything that we should be doing and our competitors around the world are doing nothing. So how do we manage this relationship by having a good outcome when at the same

time there are people around the world doing absolutely nothing under same agenda, which puts us at a competitive disadvantage? These are issues we have to tease out very closely in an impact assessment.

1-078-0000

Joachim Schuster (S&D). – Die Antwort ist nicht ganz befriedigend, denn eine ganz wesentliche Frage ist ja, wie man das WTO-konform hinbekommt.

Aber vielleicht in dem Kontext noch eine ganz andere Frage zu Dingen, die Sie bisher schon zu der Frage gesagt haben, wie man Nachhaltigkeitskapitel durchsetzen kann: Sie haben vorhin Südkorea als sehr interessantes Beispiel genannt. Südkorea ist nun gerade ein Beispiel, wo es ein ziemlich fortschrittliches Nachhaltigkeitskapitel gibt, das aber seit sieben Jahren schlicht ignoriert wird. Man ist manchmal in Diskussionsprozessen, und häufiger auch nicht, aber passiert ist real gar nichts. Auch da wäre dann die ganz konkrete Frage: Wie wollen Sie als zuständiges Kommissionsmitglied auch durchsetzen, dass so etwas passiert, dass also beispielsweise Gewerkschaftsrechte geachtet werden, was in Südkorea offensichtlich nicht der Fall ist?

1-079-0000

Phil Hogan, Commissioner-designate. – Well, it's precisely for that reason that we have, in the agreement with South Korea, a dispute settlement mechanism, which we are now involved with. For the first time in a free trade agreement we had this particular provision in the 2009 agreement. It's now been invoked by the European Union after several efforts to have an action plan to ensure that South Korea honoured its commitments in each chapter. So we are taking the next step, which is a dispute settlement mechanism, which is in line with what was agreed in the agreement.

Now, you're asking me to give you prescribed and prescriptive outcomes in relation to something for which I have absolutely no idea yet about how we're going to construct it, and it's not my direct responsibility. I would be very happy to engage with you here when I have more information from the lead Commissioner, led by Vice-President Timmermans, about how we're going to go about this.

I'm in favour, of course, of the provision, as outlined in my mission letter, to play my part. So I'm sorry I can't give you more satisfaction in the detail, but you can't expect me at the same time to be able to give you exact details for a process that we haven't even yet started. There are many complex issues. You know that already, and I do too.

1-080-0000

Danuta Maria Hübner (PPE). – Commissioner, I would like to ask you about Brexit. I know it's not an issue where you feel comfortable because it's all about speculation, but I think we can safely say that whether we have an exit on the basis of no deal, or an exit in an orderly manner, this will not be the final destination. Probably we will immediately start the negotiation of the future arrangements and future relationship, and certainly a free trade agreement (FTA) will be at the core of this future relationship agreement.

In this context, I know that it will be our British friends who will decide what type of FTA they want. We know that Ms May was in favour of a very ambitious, deep, solid and broad agreement, with level-playing-field measures, and that the current government is rather showing interest in something more shallow and more conventional, and we don't see commitment to a level playing field.

I also think that, taking into account the size and proximity of this market, any FTA will have to be in function of guarantees on standards. In this context, my question is: how do you see this issue of level-playing-field measures? Is it a sort of red line for us, especially if we take into account the temptation on the British side to move towards regulatory divergence rather than convergence?

1-081-0000

Phil Hogan, Commissioner-designate. – It's very hard to know what direction the United Kingdom is going in at the moment because they can't seem to get a deal through the House of Commons, and they've tried three times, as you know, with the existing withdrawal agreement.

Again, as you rightly point out, Prime Minister May and the European Union had a very good agreement and a very balanced agreement, and it certainly reassured the European Union in relation to a level playing field on state aid, on standards, on the environment, on labour rights, food quality, consumer protection... all of those issues are very important to us, and they will play a part in the mandate, I presume, that ultimately I will be charged with, taking responsibility for negotiating this particular agreement. So the European Parliament and the European Council I'm sure will have a lot to say about the mandate that will be given to the Commissioner for Trade in order to negotiate, and I'm sure the level playing field will be high in their minds.

1-082-0000

Emmanuel Maurel (GUE/NGL). – Monsieur le commissaire désigné, la réforme de l'OMC, c'est le serpent de mer de la politique commerciale. Vous en avez parlé, vous avez parlé des transferts de technologie forcés, des subventions publiques, du mécanisme de règlement des différends pour ce qui concerne les États-Unis. Vous avez été très allusif sur le vol de la propriété intellectuelle, et d'ailleurs Mme von der Leyen, elle-même, dans sa lettre de mission ne l'évoque pas. Or, par «vol de la propriété intellectuelle», je le rappelle, il faut essentiellement entendre «contrefaçon». Pour l'Europe, c'est une catastrophe. Pourquoi? Parce que de nombreuses PME sont ainsi sacrifiées. D'après l'OCDE, 400 000 emplois sont concernés. L'importation de produits contrefaits en Europe représente 85 milliards d'euros. Les pays essentiellement touchés sont la France, l'Allemagne, l'Italie. il s'agit de secteurs aussi divers que le textile, l'ameublement, la création intellectuelle et les médicaments. Comme je constate que cet aspect ne figure pas dans le document de Mme von der Leyen, je vous pose trois questions:

- 1) Est-ce qu'il s'agit d'une priorité de la Commission?
- 2) Est-ce que vous allez en parler avec la Chine? En effet, vous dites avoir négocié avec la Chine, car enfin 80 pour cent de la contrefaçon est chinoise.
- 3) Que fait-on des places de marché en ligne de type Amazon ou Alibaba, qui commercialisent des produits qui sont contrefaits? Jusqu'à maintenant, l'Europe n'a rien fait!

1-083-0000

Phil Hogan, Commissioner-designate. – First of all we are strengthening our trade defence measures in order to be helped to concentrate the mind of the Chinese authorities in relation to these matters. Secondly, we have an engagement with the Chinese at WTO level – it's not going very far at the moment. Thirdly, we are negotiating with China an investment agreement where all of these issues are now on the table. So it is a priority for me and a priority for the Commission that in the context of concluding an investment agreement by the end of 2020 we include the issues very much that you have mentioned, Mr Maurel. This is important for me and I will be following up very closely with all of these issues that you've mentioned in the context of an investment agreement with China. I am charged with responsibility in my mission letter, by the way, to have this job done by the end of 2020.

1-084-0000

Emmanuel Maurel (GUE/NGL). – L'Europe se comportera de façon un peu moins naïve que jusqu'à maintenant. Je reviens sur l'OMC. Je relance ce thème, parce que nous parlons de l'OMC, nous nous félicitons d'oeuvrer à sa réforme. En juin dernier, les États-Unis, le Brésil, l'Australie, le Mercosur nous attaquent, nous Europe, portent réclamation en ce qui concerne le principe de précaution, censé être un fondement pour les Européens. J'aimerais avoir votre sentiment à ce propos. Pourquoi? Parce que M. Šefčovič, votre collègue à la prospective, lui a dit que, en effet, il fallait absolument stimuler la culture des politiques fondées sur des preuves, et non pas fondées

sur des doutes. Or, le principe de précaution, par définition, est fondé sur le doute scientifique. Qu'est ce que vous en pensez et est-ce que dans votre fonction très importante vous défendrez ce qui est pour nous, je crois, fondamental, à savoir le principe de précaution, notamment sur toutes les questions agricoles dans le cadre des accords de libre-échange?

1-085-0000

Phil Hogan, *Commissioner-designate*. – Well, I have already demonstrated that this year by the agreement we had with Mercosur where we insisted on the precautionary principle being included in that agreement – and I can tell you they were very unwilling to have that, particularly Brazil. We eventually persuaded them to do so because it was becoming a red-line issue for the European side and there would have been no agreement in my view, without including this provision in that agricultural part of the agreement as well as all aspects of the agreement with Mercosur. So, I'm giving you a personal example of being involved in a negotiation already this year where we were able to achieve this outcome.

1-086-0000

Jude Kirton-Darling (S&D). – I'm tempted to ask you a question about Brexit, but I'm going to resist, and I'd like to squeeze a bit more detail out of you if I may. The EU's GSP system is the most generous in the world and has helped to bring about prosperity in numerous countries and regions. However, the system also has numerous shortcomings as we've already heard about our TSD chapters. Partners such as Myanmar and Cambodia have severely and systematically allowed human rights violations to take place and flouted international conventions. GSP+ recipient the Philippines has gone as far as to openly mock the European Union. But in spite of this, the system has been slow or incapable of reacting, just as we've heard have our trade and sustainable development chapters inside FTAs.

So I'd like to ask you, could you give us a number – preferably five – of concrete actions that you, as the Commissioner responsible, will undertake to improve the implementation of GSP and TSD chapters to ensure that they really fulfil their objectives?

1-087-0000

Phil Hogan, *Commissioner designate*. – First of all, we will establish the position of Trade Enforcement Officer, which will dedicate that person towards implementation and enforcement of these agreements across the board.

We also will take, secondly, complaints from civil society, which we have seen in Peru, which we are pursuing at the moment on the TSD chapter, arising from a complaint. We have an action plan in place which they have agreed to do, which is progress and it shows you that – through the name and shame methodology perhaps, or through the reputational damage it would do to a country when they are accused of not honouring their agreements – we can make progress as well.

Thirdly, we have to engage civil society in these countries more, and we are putting financial resources into helping civil society and structures and NGOs to be able to do so.

Fourthly, we will have a monitoring system for our GSP to ensure that there is responsible investment in these countries, and not dumping as we often accuse others. Certainly, I feel that the labour and environment parts of the agreement can I hope be prioritised to ensure that the GSP+ countries will be able to ensure and give us reassurance on a constant monitoring basis that they are actually implementing what they said they would do. We are very much keen to do the reform based on the evaluation that was carried out in 2018 by your committee and by the European Commission and the Parliament together, and that provides another agenda of work for us in order to implement in the coming years to make it better.

1-088-0000

Jude Kirton-Darling (S&D). – Just to pick up on a number of points that you've raised. What we've seen over the last five years is that basically the carrot is wielded but the stick is very rarely used in relation to GSP, and particularly in places that there are serious and systematic violations.

Just leading from your response to my first question, would one area that you would be willing to look into in significant detail be investor obligations? We hear lots about investor rights, the creation of multilateral investment courts, a reformed ISDS system, but would you as Commissioner take up the really crucial debate about investor obligations, so that we ensure that European companies investing elsewhere in the world maintain proper standards throughout their supply chains and respect human rights in every place that they operate?

1-089-0000

Phil Hogan, Commissioner-designate. – We're already doing this through our public programmes, through the European Investment Bank-funded programmes and through the various EU programmes I'm familiar with from my time as Agriculture Commissioner. In Africa, for example, we were often criticised for not doing more in terms of ensuring that we have responsible investments in various countries in Africa, so we engaged with the African Union and we have now reached an agreement whereby we have a good understanding about what each other's role is: political leadership and policy priorities from the African side, and technical assistance and financial support from the European Union side. But it's done in a sustainable and responsible way and we're proofing all of the various public programmes through this process.

Of course, under corporate social responsibility the private sector has to do the same, and we have to engage further in this and use our trade policy and trade opportunities with the private sector to do what you're advocating to do in terms of responsible investments and responsible investor obligations.

1-090-0000

Reinhard Bütikofer (Verts/ALE). – I would like to address an issue that was first raised here by Ms Van Brempt. The urgency of confronting the climate crisis makes it incumbent upon us to use trade agreements, too, in order to enforce climate imperatives.

All that your mission letter says, in that regard, is that 'there shall be sustainable development chapters', full stop. That's extremely lame.

You said that you regard these chapters as important. But show us your ambition, please. Are they good enough as they are? How will you propose to strengthen them? What are you prepared to do to make environmental and labour standards in FTAs effectively enforceable?

1-091-0000

Phil Hogan, Commissioner-designate. – First of all, I would like to see our international conventions and our international agreements being enshrined in our free trade agreements and to be capable of being enforced on a multilateral or bilateral basis – through the disciplines that we put in those agreements for the sustainable development chapters.

I'm not sure which countries you have in mind in relation to the labour conventions because we've made a lot of progress. Even with Vietnam for example, on the eight conventions we were making a significant amount of progress even before ratification of the deal in order to implement some of the labour conventions. In the Mercosur deal, Paraguay, Uruguay and Argentina have implemented all of the labour conventions. Brazil has one more to go out of the eight. So I wonder if there a specific issue that you have in mind?

However, my ambition is to integrate, as far as we can and with as much political muscle as we can enshrine – and probably with the approval of this Parliament and its committee in terms of a mandate for future negotiations – the European Union values, be they economic, environmental or social.

1-092-0000

Reinhard Bütikofer (Verts/ALE). – You just mentioned China and I read from your mission letter that you're supposed to pursue the aim of reaching an agreement by the end of 2020. Now that's not the same as pursuing the finalisation of an agreement under any circumstances. I think we should agree that substance goes over speed. My question regarding the chief enforcement officer is the following. Will you be willing to pledge that this chief enforcement officer will, on a regular basis, not just consult with business, but also with trade unions and civil society actors and consumer-protecting actors? And will this chief enforcement officer be willing to pick up trade complaints that are advanced by these actors?

1-093-0000

Phil Hogan, Commissioner-designate. – I will certainly give you all the undertakings you need towards the widest possible engagement with all stakeholders.

Trade is a very important economic instrument and it leverages a lot of other important actions that we want to integrate into those agreements as part of our other public goods policies that are very familiar to you. So you have my undertaking that we would consult all stakeholders, including this Parliament and including this Committee as well as the Council.

This person is going to be busy and is going to have an all-encompassing role for implementation and enforcement. And I'm not going to give any commitment in relation to channelling complaints, that that person becomes another Ombudsman. I want to see what resources will be required for this. I want to see what the structure will be, because it's not going to have the same resources that will duplicate a European Union Ombudsman or a particular complaints procedure. But I am willing to discuss what you have in mind in relation to maybe a more focused approach towards those complaints, because as in the example I gave on Peru, where we have a complaint from civil society, we were able to trigger an engagement to have an action plan that was able to implement the sustainable development chapter of our agreement. So a complaints procedure will have to be teased out in terms of what the definition of a complaint is. We don't want to duplicate with other agencies.

1-094-0000

Samira Rafaela (Renew). – Mr Hogan, over the last years the European Union has concluded a number of Economic Partnership Agreements with African regions and countries. For different reasons, two regional ones are currently stuck, whereas the Eastern and Southern Africa Economic Partnership Agreement will be updated into a broader agreement that will also contain sustainability standards.

How will you ensure that the post-Cotonou trade relationship between the EU and Africa will be values-based, in line with the EU's sustainable development agenda, and will be more equal?

Do you agree that EPAs should be upgraded in that sense to guarantee more equality, like gender equality and sustainability standards, and can you also explain to us what you think the meaning of more equality in this specific context is?

1-095-0000

Phil Hogan, Commissioner-designate. – As you know, President-elect von der Leyen called for a comprehensive strategy for Africa in her political guidelines and this strategy will encompass the

Sustainable Development Goals (SDGs), and as such will by its very nature be values-based, including the gender issue, of course, as part of the SDG process.

I have already done a lot of work in this space. For example, through our EPAs and by our support for the African Continental Free-Trade Agreement implementation, where we're providing technical assistance to the African Union – and Madame Sacko, who was my equivalent in agriculture, will vouch for that.

The current post-Cotonou negotiations that you've mentioned are aimed at strengthening the partnership with Africa in the same direction, including in aspects related to sustainable development, governance and common values.

In eastern Africa, in particular, they have been very slow about getting off the ground. But I think tomorrow is going to be a new day in relation to our engagement with eastern Africa in terms of developing a new EPA, and perhaps we can upgrade this to an FTA, which would include all of the issues that you have mentioned, including gender equality – EPAs don't always include those, even though they should.

If it means upgrading our EPAs to the normal level of trade and sustainability development provisions, I'd be very happy to do so.

1-096-0000

Samira Rafaela (Renew). – I just want to go a bit further on trade and gender. So trade is one of the EU's success stories – like using trade for other goals – and besides sustainability and social standards, the pursuit of gender equality should also be part of our values-based approach in trade.

Today current Commissioner Malmström hosted the Trade for Her Conference, and she has taken this issue very seriously during her mandate. What are you ready to do in order to ensure the involvement of women in international trade, so their social and economic position and rights are protected and improved? Will you follow in Commissioner Malmström's footsteps by aiming to include gender provisions in future agreements? Will that be a 'yes' or a 'no'?

1-097-0000

Phil Hogan, Commissioner-designate. – I will build on Ms Malmström's great success in relation to the gender equality agenda. As I said in one of my written questions, I intend in terms of policy development to instruct my services to consider gender impact when policy initiatives are initiated in the future.

I know that Ms Malmström had a very successful conference today because I was fully briefed on it, and as she and my Director-General said at the conference today, there is a strong economic rationale for women's empowerment and economic empowerment as well. There was an estimate in that conference speech of Ms Malmström's today that it could add up to USD 28 trillion to global GDP by 2025 if we empower women.

Well now, even the economic actors can't actually go against this high possibility, but gender equality, the empowerment of women, of course, they will be involved in any FTA negotiations.

1-098-0000

Iuliu Winkler (PPE). – Commissioner-designate, I don't know if I'm mistaken, but I have the feeling that the elephant in your mission letter is still China. We have discussed several elephants, we could say, but I think China is the elephant in your mission letter.

On the one hand, we have this absence of a level playing field, European companies are giving us very clear signals about this, we see market-distorting practices across the entire bilateral relationship. But on the other hand, we would like very much to improve the prospects of the EU-China comprehensive agreement, to see the finalisation of the GIs agreement, and many other objectives. This seems a little bit controversial, so what will your political approach be? How do you think you can approach this very, very, very difficult task, and who in the von der Leyen Commission will be your partners in approaching China?

1-099-0000

Phil Hogan, *Commissioner-designate*. – I would say that everybody in the Commission, from the President-elect down, will be involved in our approach with China.

I'm reporting on this issue to the Vice-President for Economic Development, Commissioner Valdis Dombrovskis, but of course I've also had a close relationship on the trade and sustainability chapters and on the environment and climate chapters with Vice-President Timmermans, and I'm equally obliged in my mission letter, as you know, to engage with Vice-President Vestager in relation to digital trade.

So I have to talk to everybody, and I'm sure that Ms von der Leyen will be asking me regularly what progress I'm making or otherwise with China in relation to the ambitious goal and ambitious deadline that you've set for the end of 2020. But I'm going to start on 5 November with a visit to China. It'll be my first visit to any country outside the EU, and I'm going to start with the WTO ministerial, where I hopefully will engage with the Chinese on the basis of how we can agree an agenda. Of course there is an opportunity with the changing of a Commission, which happens every five years, to look at how we can reset agendas or look at different sets of priorities. But I think Commissioner Malmström and I will continue with the strategy in respect of China, which is to have strong tools at our disposal within the European Union to be able to deal with the unfair trading practices and be able to ensure that we have a level playing field as far as possible. But equally, we have to acknowledge that there's business to be done in China. The business that we have to do is that we have to ensure that when they say they're going to open their markets, they actually do so. This has not been the case up to now. And we have to see through this investment agreement how we can have milestones and targets along the way that they will be able to meet on this occasion, because the Chinese have been the biggest beneficiaries of membership of the WTO in terms of the rules-based multilateral approach, in terms of the huge growth in their economic output and their economic activity, and therefore it has a value to them. So hopefully we can leverage this value to reach some common sense agreement between the EU and China on many issues between now and the end of 2020.

1-100-0000

Iuliu Winkler (PPE). – Thank you very much, Commissioner-designate, for this answer. Since I have the privilege of, well, not the last word, but the last question, as a member of this committee let me ask you something about agriculture. Many colleagues have been discussing agriculture and some of the issues are very, very important. There is a link between and cooperation between agriculture and trade, so it is something that's very close to your heart and your activity at this moment.

But I think we should speak not only about the challenges for farmers that are coming with the FTAs, but also a little about the opportunities, the enormous opportunities that are coming for farmers, for agri-food producers, for the industry as a whole, through the free trade agreements of the European Union.

My question, Commissioner, is: what will you do as Commissioner for Trade to help farmers take better advantage of the European Union's free trade agreements?

1-101-0000

Phil Hogan, *Commissioner-designate*. – Mr Winkler, as you well know, farmers do not actually tell you about the good news when it comes to agreements. They never tell you good news, and as a farmer's son myself, and I know there are farmers in the audience, I think they would share that opinion. So I think that farmers always try to keep the best kept secret and the agri-business community is no different in terms of the potential that's there.

With Japan we have negotiated probably the biggest trade deal ever, and the most ambitious in relation to agriculture in terms of opportunities. We have 98% liberalisation of all tariff lines. We have huge opportunities in Canada. We have huge opportunities in Mexico. So various regions of the European Union, of course, will target various free trade agreements from time to time depending on their strengths and their level of interest in particular commodities or particular products. But for every one billion we export we generate about 16 to 20 000 jobs. This is important for our rural areas.

So we have a vested interest in the European Union in terms of the implementation and enforcement of free trade agreements, and I am thinking in an economic sense, in an environmental sense and in a social sense. In agriculture we have, of course, put money behind this – EUR 200 million for our agri-business community in 2020, for promoting these trade agreements and bringing their businesses. Since the crisis in the dairy sector in 2015, I have led 12 trade missions around the world where there were 60-70 companies with me on all occasions, from all of your Member States, in order to help sell European high-quality produce. My advice to the farming community in the agri-business is that quality is very important. If you reduce quality, you will reduce the potential for the growing middle class population, particularly in Asia, to purchase our high-quality products.

Sustainability has to be at the heart of what we do in terms of producing and processing. This is what the market is looking for. So, it will be very short-term thinking by our farming community and our agri-business if we do not embrace environmental sustainability and quality at all times in terms of the way that we want to sell our products abroad. I hope that as Trade Commissioner, I will have an Agricultural Commissioner with whom I can work closely in a more integrated way, in order to ensure that we maximise the implementation and maximise the enforcement of the agreements that we have today, and that will be to the benefit of our farmers.

1-102-0000

Bernd Lange, *Chair INTA*. – Thank you, Commissioner-designate, for the answers and, of course, thanks a lot to colleagues for the questions. Commissioner-designate, it's clear that it's really the heart of democracy on trade policy here in this room, and all the hot topics were covered, I guess. This also makes it clear, Commissioner-designate, that the times when trade policy was made behind closed doors really is over and we need transparency in formulating trade policy.

Commissioner-designate, you now have the chance to sum up the discussion and make some closing remarks.

1-103-0000

Phil Hogan, *Commissioner-designate*. – Chair, honourable Members, first of all, can I thank you for the courtesy you have shown me tonight and for your very succinct questions. I hope I have answered them to the best of my ability. I know that some of you may feel I was a little bit short, because in two weeks I have tried to drill into the main policy and political issues on a general basis, but I promise to make it up to you, if I am approved, in terms of drilling further into the technical details in the coming time.

Fundamentally, I believe that trade is important. Trade is fundamental to the human condition. Trade goes back to the stone age. Evidence has been found that, even before hunters and gatherers settled down to farm the land, humans exchanged items to which they'd added value by hard work and skill.

Trading is about pride and about optimism. It's about exploration, risk and innovation. But, above all, it's about trust, and in our time that means articulated trust – trust that takes pen in hand and says these and these are the rules by which we will operate, and these and these are the methods we will use to monitor in order to guarantee compliance.

That's how the European Union has built its reputation as a trusted and responsible trader – because we have always seen trading as a partnership, where each side is clear on what's going on. And long before environmentalism was cool, the European Union was committed to the environment and it sought, in its trading policies, to influence production right back to the handful of seeds going into the ground.

Our priority is, and will be, continuing to base our policies around sustainability. Europe wants the best outcome for all, rather than the defeat of some. All Member States, all non-Member States and, indeed, all former Member States feel the same.

Although, of necessity, European Union policies must be crafted on a massive scale, they seek never ever to lose sight of the individual, and this is where communication is very important in the future, as is dialogue.

The European project, Chair, was born out of chaos and destruction. Standing amid the shards of their lives, Europeans imagined something better and they set out to make it happen. They aimed at the impossible goal and, in many cases, they reached it, often – and this must be stressed – through trade. Yes, laws are passed and the actions of the European courts have been key to improving the lives of Europeans over the decades, but trade has had just as big an impact and may have even a bigger impact in the future.

How we trade is what matters. How we trade testifies to who we are and to our values and beliefs. How we trade has a massive and long-term impact on the wider world, as we know from this discussion this evening. The European Union will need to be a stronger global actor and we need to strengthen Europe's global leadership in trade. Every aspect of EU trade policy should demonstrate, locally and globally, the scale of our commitment to peace, to prosperity and to ending environmental despoliation.

That's what I passionately believe and I hope that you can trust me as Trade Commissioner to demonstrate that belief actively, each and every day.

1-104-0000

Bernd Lange, *Chair INTA*. – Thanks a lot Commissioner-designate. Now it's up to the political groups to evaluate the hearing of today. So the political groups have half-an-hour, and at half-past sharp we will meet here in-camera to discuss the result of the hearing. Half-past sharp, here in this room, in-camera, to discuss the result of the hearing.

(The meeting closed at 21.05)