

2-001

**TUESDAY, 12 JANUARY 2010**

**BRUSSELS**

**INTERNATIONAL TRADE COMMITTEE**

**HEARING OF KAREL DE GUCHT**

**COMMISSIONER-DESIGNATE**

**TRADE**

2-002

**IN THE CHAIR: MR MOREIRA**

*(The hearing opened at 09.05)*

2-003

**Chair.** – I would like to welcome Commissioner-designate, Mr Karel De Gucht, to this parliamentary hearing. Let me draw your attention to the importance of this procedure, emphasising that this is a crucial moment in the nomination of the European Commission that will serve European citizens over the next five years.

Such hearings are of great importance because they embody the democratic control that only the European Parliament can exert on the formation of the executive branch of the European Union's system of government.

The significance of this hearing has been increased by the fact that the Lisbon Treaty has given to this Parliament and to this committee increased powers and responsibilities in the shaping of EU trade policy. As such, this Parliament must be fully informed on what it can expect from the future Trade Commissioner before we cast our votes on the whole college in the coming weeks.

By granting the European Parliament co-legislative powers, the Lisbon Treaty has made it the only directly elected institution that legitimises European trade policy. This is naturally a very welcome constitutional development, and on behalf of the members of this committee, I can tell you that we are very much looking forward to exercising our new powers in cooperation with the Commission and the Council.

I shall start by recalling that, in the light of the guidelines for the approval of the Commission, under the Rules of Procedure, Parliament evaluates the Commissioners-designate on the basis of their general competence, European commitment and personal independence. It also assesses knowledge of their prospective portfolios and their communications skills.

I should also point out that before this oral hearing, the Commissioner-designate replied in writing to a preparatory questionnaire. His written answers to this have been distributed to the Members in all the

languages. At the same time, we have, in accordance with the Rules, received from the Commission the declaration of interests of the Commissioner-designate and his curriculum vitae.

Some remarks now about the procedure. The interpretation of this hearing is being provided in 22 languages. For the benefit of the interpreters, may I ask you not to speak too quickly, so that interpretation can follow smoothly. May I also inform you that this hearing is being streamed live on Parliament's Internet site and it will also be possible to access a video recording of proceedings via the same site. In addition, there will be a verbatim report which will be made available as soon as possible after this hearing. Please note that, in addition to this meeting room, an additional listening room has been made available, to which images and sound will be relayed. That room is A5G3.

The hearing will be structured as follows: our time this morning is limited to three hours and the structure of the hearing is in your dossiers. The Commissioner-designate will first be invited to make an opening oral statement of no longer than 10 minutes. This will be followed by a debate lasting approximately two hours and 40 minutes, which will be held in accordance with the 'ping pong' principle, with slots of five minutes and four minutes respectively.

We will start with contributions from one representative of each political group, with slots of five minutes each. This means that, when there is a question of one minute, the reply by Mr De Gucht will be for two minutes, the follow-up question one minute and the follow-up reply one minute. That makes five minutes. As for the four-minute slots, the question will be one minute. Again the reply will be one minute, the follow-up question one minute, and the follow-up reply one minute.

Members' speaking time should be strictly limited to one minute per question. I should make it clear that the question and follow-up questions within each block must be asked by the same person and that the follow-up question must relate to the Commissioner-designate's reply. Follow-up questions may not be used to raise any other different matters or subjects. The Chair reserves the right to disallow follow-up questions that do not meet these criteria. Speaking time limits will be strictly enforced.

May I inform you also that the Committee on International Trade secretariat has attempted to contact the non-attached Members, but without success. Therefore, the five minutes that should be allocated to those Members has been added to the time available for the closing statement of the Commissioner-designate and the Chair at the end of the hearing. The time allotted to the closing statement will now be 10 minutes, therefore, rather than the five minutes I mentioned earlier.

A press point will be held for the Commissioner only immediately after the hearing.

That is all as regards the proceedings. Let us start our hearing proper. Mr De Gucht, I give you the floor for your initial presentation.

2-004

**Karel De Gucht**, *Commissioner-designate*. – I welcome this opportunity to introduce myself today to your committee, in the presence of representatives of other committees with an international remit, and to set out my views on international trade. I hope this will be the first and not the last of many discussions we will have.

2-005

(*NL*) My 15 years of experience as an MEP and my current role as the Commissioner for Development and Humanitarian Aid have given me a keen insight into the key role that your institution plays in ensuring the responsibility and the legitimacy of the European Union.

The Treaty of Lisbon brings with it major growth in the European Parliament's role in European decision making, particularly when it comes to trade legislation and trade agreements.

I know my way around the world of international trade. As the Belgian Minister for Foreign Affairs and Trade, I have built up some solid experience in the sphere of trade and development policy, and specifically with international relations in general. I represented Belgium in ministerial meetings within the European Union and at the WTO's ministerial conferences in Hong Kong in 2006 and Geneva in 2008. Furthermore, during that period, I also led trade missions to a dozen third countries.

In the over 30 years that I have been involved in politics, I have also gained the necessary skills that a negotiator needs to have in his armament. Both from my period as an MEP and from national politics in Belgium, I have experience with forging broad coalitions and cooperating across party lines and ideological boundaries. That is, after all, the day-to-day way of things in both Belgian and European politics.

2-006

Turning to my portfolio, trade has always been a powerful engine for growth and opportunity in Europe and elsewhere. Even today, it is helping to pull us out of the difficult economic situation.

I am a long-standing supporter of the twin tenets of EU trade policy: open markets, backed up by a rules-based international trading system. However, this is not a simplistic belief in free trade or open markets as goals in themselves. Free trade must be a tool to generate prosperity, stability and development. When supported by the right rules and institutions, free trade delivers win-win outcomes. When part of a wider set of measures, it is a potent lever promoting European values abroad, like sustainable development and human rights. In addition, the openness of our own market fosters innovation and creativity at home and is the best way to ensure, thanks to our weight in global trade, similar

openness abroad. The EU must lead by example. However, that does not mean we should accept unfair trade practices or protectionism by others.

This is why, in replying to your written questions, I have insisted that trade must be put at the service of the EU's broader policy goals. One of the latter goals is development. Since joining the Commission last July, I have come to understand better the necessary interaction of development and trade and – subject to your approval – I will continue to pay close attention to this interaction as future Trade Commissioner. EU trade policy must offer a strong hand to the least-developed countries of the world, helping them to integrate better into the global economy and raising living standards in a way that delivers both greater political stability and social progress.

Let me suggest five priorities for EU trade policy in the next five years.

Firstly, we must preserve and further strengthen the multilateral trading system. At present, the WTO is under pressure. Its flagship project since 2001, the Doha Round, is making little headway. All the same, building an open, rules-based and transparent multilateral trading system, where members subject themselves to the rules of dispute settlement, has been one of the major achievements of the 20th century. The WTO – be it as a forum to solve the long-running banana dispute or in helping to stop the world slip into a protectionist spiral – has proved itself an invaluable public good. Thanks to WTO monitoring, the world has avoided a wave of protectionism in the current economic crisis. Let us not forget: compared with other international organisations, the WTO is the most advanced model of global governance that exists, and we must continue to invest political capital in it.

We must, secondly, deepen trade and investment at bilateral and regional level as a complement to, rather than a replacement for, what can be achieved multilaterally. India, Canada, Ukraine, Latin America and the Euromed are likely to dominate our agenda over the next two years. They mark – together with upcoming talks with Singapore and the updating of our trade relationship with China – a shift to economically important markets, particularly in Asia, as well as a deeper level of integration with our neighbourhood.

More immediately, the agreement with Korea, once signed, will be submitted to you for approval, alongside its implementing rules. I believe it is a good deal, which will greatly benefit our economy, and I am looking forward to discussing it here with you in this Committee, and in the plenary.

Thirdly, we must take economic cooperation with the world's other leading economies to a higher level, notably with the US and China.

With the US, the real challenge is not tariffs at the frontier, but the barriers behind the border,

predominantly owing to differences in regulation. The recent study made for the Commission at the request of the European Parliament shows the major gains from overcoming non-tariff barriers. They are a multiple of the benefits typically expected from the bilateral FTAs we are currently negotiating. Also, the sensitive issues of environmental or social 'dumping' hardly arise in the EU-US context. Tackling non-tariff barriers will be my primary focus in the Transatlantic Economic Council, of which I will be the European co-chair.

We must also intensify our dialogue with China on trade and investment as Beijing gradually assumes larger responsibilities as a global player. I hope that China will continue to improve its openness to trade and investment, but it must show its responsibility by being able to address thorny questions, such as currency misalignment.

Fourthly, we must bring the negotiations on Economic Partnership Agreements with ACP countries to a successful conclusion. These agreements have come in for a lot of criticism, from partner countries as well as civil society in Europe. I am determined to maintain the open and flexible approach of recent months, providing the results are WTO-compatible and can foster development.

In the development area, we will also have the chance to review and shape the new generation of our General System of Preferences when the current system expires on 31 December 2011.

Finally, and definitely in testing economic times, the Commission must make sure that European companies, be they exporters, importers or competing with imports, are treated fairly and given opportunities to expand their businesses. This is why I plan to build on the efforts of the previous Commission to improve our access to third markets. I also intend to apply transparently our current trade-defence instruments. Once the economic crisis has subsided, I plan to revisit the question of whether our instruments can be further refined, also in the light of any changes which may be required as a result of the Doha Round. Moreover, we should also examine how to use the EU's new powers on direct foreign investment to expand opportunities for, and protection of, EU companies. Here, I believe we should secure first that existing agreements between individual Member States and third countries stay valid. Subsequently, we should decide on the priorities for a new EU investment policy, on both legislation and the countries to negotiate with.

All this represents a full agenda, but I need your help to deliver it. I cannot achieve this alone. In the months to come, we will put in place the building blocks enabling Parliament to exercise its new competences to the full, including a new Framework Agreement between our institutions. You have my commitment as regards the trade area that I will work with you – here in your committees and in the Plenary – in full transparency, providing you with the information needed to do your job.

We may not always agree, but you will find my door is always open and that I am ready to listen, learn and debate. We can perhaps return to the details of our collaboration in the questions and answers, but my starting point is to recognise that the Lisbon Treaty requires a qualitative change in the way we work together.

2-007

*(FR)* Chair, honourable Members, the time allocated to me meant that I was unable to mention all the matters that deserve to be raised. I am thinking particularly about the link between trade and climate change or the question of respect for human rights. I hope that you raise these topics in your questions so that I can give you my policy view on these matters.

However, allow me to conclude with this message: trade policy is, to be sure, an essential lever in our economic policy, but it remains in the service of our society's wider objectives, such as respect for social rights, good governance and the protection of the environment. It is therefore by nature a political instrument, on which the voice – by definition a political voice – of Parliament must make itself heard more clearly.

*(Applause)*

2-008

**Daniel Caspary (PPE).** – *(DE)* Commissioner, I am very pleased that only a short time after the entry into force of the Treaty of Lisbon, you of all people have come to us today, because as a Member of the European Parliament, you fought successfully in the Committee on Institutional Affairs for more rights for the European Parliament. I would therefore like to raise two points.

The first one is free trade agreements. In your written answers, you stated that Parliament would be closely involved in the issuing of mandates in future. However, how will you ensure that, once the negotiations are concluded, there is no provisional application of a free trade agreement until Parliament has given its consent to it?

My second point is the independent nature of trade policy. The new treaty places the common trade policy under the common foreign policy. How will you ensure that foreign trade policy can, despite this, remain independent and not be overburdened by other policies at the cost of our economic and commercial interests, as was, unfortunately, the impression we sometimes got from the Commissioner in yesterday's hearing.

2-009

**Karel De Gucht, Commissioner-designate.** – The matter of early application will very soon come before us with the Korea Free Trade Agreement.

With the Lisbon Treaty, something has changed. You have become co-legislator and you have to give your assent to all free trade agreements. Early application is not something new that has appeared all of a sudden in

the free trade agreement with Korea. It is normal practice in international trade.

But, on the other hand, I understand that early application before the European Parliament has given its assent causes a political problem. We will have to sort this out in the framework agreement as far as the agreement with Korea is concerned. I would be open to discussing this with the committee and seeing whether we can agree on a timeline that, if respected, would obviate the need to propose early application.

Regarding the independence of the trade policy vis-à-vis the other policy – independence is, of course, always very relative – I think that the nature of the common commercial policy means that it will be able to keep its independence because it is an exclusive competence. It is one of the few exclusive competences that the European Union has. As, in addition, you are the co-legislator and have to give your assent, I think you will also be anxious to keep that independence.

We also keep our independence vis-à-vis the European External Action Service. We will work closely together with them but nevertheless we are independent. We are not part of them. So let me just cite these two elements to support my thesis. I have some more to say, but I only have two minutes.

2-010

**Daniel Caspary (PPE).** – (DE) Commissioner, I would like to stay with this subject. You said that with the Treaty of Lisbon, foreign trade is structured in a way that gives the Council and Parliament equal standing. What concrete measures would you like to take to help make this equal standing a reality in practice? How would you ensure under the existing rules, for example, that Parliament is involved in the information and decision-making process with regard to anti-dumping?

I have another question in this regard. As Commissioner for foreign trade, you regularly visit our trade partners. In many Member States, it is customary for competent national Ministers to take parliamentarians with them on these dialogue and information visits. Can you envisage, for example, taking parliamentarians abroad with you for your talks in future, in order to also promote further parliamentary dialogue here?

2-011

**Karel De Gucht, Commissioner-designate.** – With respect to anti-dumping, yes, you will have your say on that. We will discuss it, but the decision lies with the Commission and is part of the comitology procedure, so giving veto rights on anti-dumping does not fit in with the Lisbon Treaty. I will, however, be open on this with respect to anti-dumping and my approach will be rules-based, not political, staying as close as possible to what is in the text and what is in the anti-dumping regulation. That will be my approach, but we will discuss it.

About taking parliamentarians with me on trips, I would be very happy to do so. First of all, I do not know whether I have a budget for that, which is also important.

Secondly, we have to make a distinction between multilateral negotiations like the WTO, for example, where you are part of the EU delegation, and bilateral ones, where this is much more difficult, because they also involve third countries, and it is not always obvious they would be very pleased with that.

2-012

**Kader Arif (S&D).** – (FR) Mr De Gucht, you have a reputation for plain speaking. I therefore thank you in advance for the clear answers that you are going to give us.

Thanks to the Treaty of Lisbon, Parliament is fully associated with the Union's trade policy. This means therefore that the Members ought to participate in the definition of the negotiating mandates, in spite of the Council's reluctance. Will you support us in this demand?

More broadly, a new strategy should guide the Union's trade policy within the framework of the European Union's vision for 2020. That cannot be the Global Europe Strategy, which has today failed. I would like to know your position on this issue.

Finally, I am convinced that a trade policy has to be combined with a proper industrial policy that creates employment. The current situation leads me to ask you the following question: will you publicly defend the aviation industry, in particular, in the conflict between Airbus and Boeing, which has set them against each other in the World Trade Organisation, and which will have repercussions on the suppliers' market in future in the United States?

2-013

**Karel De Gucht, Commissioner-designate.** – Firstly, with respect to the collaboration with your committee in negotiations, I have gone through this also with the services and the Secretary-General. A large part of that will come into the framework agreements, but, in response to remarks I have heard from several committee members, I want today to concretely commit to the following.

Secondly, there should be a broader and faster information flow from the Commission to your committee, where we would need to see together what can be done with regard to the handling of restricted or confidential documents – that is a real problem – or helping your committee process the sometimes very large volume of information, in particular, through more ad hoc briefings.

Thirdly, to increase contact between your committee and its secretariat and the senior staff of DG Trade in order to improve our operational interaction.

Lastly, regular debriefings of trade negotiations here in Brussels, but also at those ministerial events where Members of this Parliament are part of the EU delegation. That is something that I would like to take as a starting point and then we would have to see, within the framework agreement, what more can be done.

For your second and third questions, I could not follow the speed of your questions. There is limited time but I also have limited capacity to listen to something at very high speed, so please repeat your question, because I simply did not understand it. It is not a language problem: it is a speed problem.

2-014

**Kader Arif (S&D).** – (FR) I am going to put the same two questions again.

I said to you that a new strategy should guide the Union's trade policy within the framework of the European Union's vision for 2020. I believe that the Global Europe Strategy is failing. I would therefore like to know your position on this issue.

Finally, I said to you that a trade policy has to be combined with a proper industrial policy that creates employment. The current situation leads me to ask you the following question: will you publicly defend our aviation industry, in particular, in the conflict between Airbus and Boeing, in the World Trade Organisation, and which will have repercussions on the suppliers' market in future in the United States?

2-015

**Karel De Gucht, Commissioner-designate.** – (FR) Mr Arif, the 2020 agenda can scarcely be a failure because it is still in the process of being designed. Therefore, that may be a little premature.

That said, I think that the trade policy is a very important asset and, in fact, the outcome we need for 2020 is, above all, more growth and more jobs, with all the protection that this implies for social rights. However, it is, above all, growth that is needed. This, broadly speaking, needs to be sought elsewhere, which presupposes a well-designed trade policy.

Secondly, as for Airbus, you know that there are in fact two complaints. There is an Airbus complaint against Boeing and a Boeing complaint against Airbus. There is already a preliminary report on Airbus, but there is not yet one on Boeing. That is expected around June this year.

I think that we would do well to take the decision when both reports are available because, in fact, the same issues are involved. There is a mirror effect and the two cases therefore need to be handled together. However, it should also be remembered that we are dealing here with a procedure that is at least semi-legal, and we must respect it.

2-016

**Metin Kazak (ALDE).** – (BG) Thank you, Mr Moreira, Commissioner-designate, I would like to ask you how you view the relationship between the European Union's common trade policy and common foreign policy. How do you think you will cooperate with the High Representative for foreign policy? My first question is: do you think that you can defend the independence and

specific nature of the common trade policy and guarantee that this common trade policy will not be held hostage to petty political interests at the expense of the European Union's global commercial interests?

My second question concerns the meetings of the Committee on International Trade. The Commission will chair this committee. Do you think that you will invite and include representatives of the European Parliament at MEP and senior representative level in meetings of this Committee?

Thank you.

2-017

**Karel De Gucht, Commissioner-designate.** – I think that, on the one hand, trade policy is part of our external policy and should be part of our external policy, but it also has its specificities and, as already stated to Mr Gaspari, I think there are some safeguards for that: the fact that it is an exclusive competence; the fact that the Commission plays a central role in it – it is the Commission that negotiates in trade agreements; the fact that we get more competences under Lisbon, for example, also for foreign direct investment, which means that our tools to exist on the international economic scene are upgraded. So I am not that much concerned about it. On the other hand, I think it is very important to have good collaboration within the committee and also with the High Representative because, obviously, there are also political questions that have to be resolved. We just talked about anti-dumping for example. I will have a rules-based approach but I can imagine that, at a certain moment in time in the college, political arguments will also be mentioned so we will have to work closely together and I do not think this will cause any problems, knowing the High Representative a little bit, who, by the way, is my predecessor as trade commissioner, so she knows what the specific problems with respect to trade are.

With regard to the presence at international conferences, yes, I think that that is a given, and also in the WTO. I sense that you were also asking a question on Committee 133 and that is more difficult, because we could only do that provided that we come to an agreement with the Council about this and with the Member States. So, I presume that this is something that will be discussed in the framework agreement, but it is obviously different to the question you put on the international trade conferences.

2-018

**Metin Kazak (ALDE).** – (BG) Indeed, thank you, Commissioner. I understand the specific nature and delicacy of this procedure from the point of view that, from now on, the enforcement of the Treaty of Lisbon must be clarified and rules must be drawn up governing the interaction between the various institutions. Nevertheless, I would like to really impress upon you the European Parliament's genuine desire to be involved in the whole decision-making process, especially at Committee on International Trade level, which was formerly Committee 133, so that this involvement is

actually guaranteed in the most effective manner possible. This is why I would like to ask you whether you think that you can provide the same information which you supply to the Council, in the same volume and to the same extent, to the Members of the European Parliament as well. Thank you.

2-019

**Karel De Gucht, Commissioner-designate.** – As far as Commission documents are concerned, there is no problem. You will have exactly the same ones as the Council at the same time – which I think is also important. It is not only about documents, it is also about when you get them and the manner in which you get them. As far as the documents of other participating groups are concerned – countries, Council, Member States – that is another matter.

We will also share all our studies with you. We will discuss planning with you. I will try to be as open as possible with you.

You should remember that I was a Member of this Parliament for 15 years and I fought for openness and for more parliamentary powers. That has not changed. The only thing that has changed is my position. Now I am on the other side of the table. I am not alone at that table: I have the Council; I have the Member States; I have the college. I will have to manage this as well. You can count on me for that.

2-020

**Yannick Jadot (Verts/ALE).** – (FR) Mr De Gucht, the Global Europe Strategy was drawn up before the emergence or the deepening of the food crises, the economic crisis, the financial crisis, or the social crisis, and before climate negotiations got under way. In fact, our interpretation is that the agenda for this strategy, like the work of the Commission, has gradually become limited to the strictly commercial aspects of Europe's work.

Is it the case that, as you said in your introduction, you are going to consider that financial, climate and food-related aspects are important, but that you do not have the time to deal with them? Alternatively, are you going to bring in a broad and very ambitious agenda for European trade diplomacy, to handle exactly these financial, monetary and climate-related questions?

2-021

**Karel De Gucht, Commissioner-designate.** – (FR) Chair, I am responsible for the issue of trade policy. That is my portfolio and the other areas that you just mentioned fall within the remit of other commissioners.

However, the Commission is also a collective and I am fully convinced both that trade policy cannot develop in isolation and that it has consequences for the international financial system, in the discussions on services, for example.

Also, what needs to be done as regards opening up the market in services, given what happened to us during the

financial crisis? There is the climate issue – the Copenhagen Summit has just taken place, with fairly mixed results.

How can trade policy combat this problem? I think it can make a wide-ranging contribution, because the necessary financing, particularly in the developing countries, has to come from economic take-off and trade is essential to such economic take-off in these developing countries.

I am therefore fully convinced that a holistic approach to the European Union's trade policy is needed, as is the case, moreover, with politics. I do not think that policy can be made by breaking up the problems. A holistic approach is always necessary.

On the other hand, it should also be remembered that other colleagues are competent in these issues. That means then that much dialogue is also needed within the European Commission. However, as far as I am concerned, this will always take place within a holistic approach.

2-022

**Yannick Jadot (Verts/ALE).** – (FR) Mr De Gucht, you certainly are responsible, for example, for the exemption that is granted to the European automotive industry, within the framework of the agreement with South Korea, to obtain exemptions in terms of CO<sub>2</sub> emissions. That seems to us to be totally incompatible with an ambitious climate agenda.

You will also be responsible for the border adjustment tax. Do you support such a tax?

Finally, you have shown courage on the question of the Democratic Republic of Congo. Will the European Commission finally show the same courage in relation to Colombia?

2-023

**Karel De Gucht, Commissioner-designate.** – (FR) Chair, I beg your pardon, but I imagine that the question relating to Colombia will come back again. I cannot reply to both of these questions in one minute. I do not intend to do so because one minute is not enough.

As for border adjustments, I am not in favour. I do not believe that it is the correct approach. It is an approach that will run into lots of practical problems. We have already seen this in the past. Moreover, there is a great risk this would lead to a trade war, to an escalation at global level.

It is clear that in trade policy, too, we need to take lessons from what is happening in the protection of our environment and the climate, but I think that to do so, we must resort to other approaches: a policy approach that is both firm and compatible with the laws of the market.

2-024

**Jan Zahradil (ECR).** – (CS) My question concerns Russia. Russia is an important neighbour of the

European Union and we will have a new agreement with Russia. I would like to ask if you see it as the beginning of a new strategic partnership and if you see it as an instrument which will eliminate non-tariff trade barriers on the part of Russia and which will also enable a non-discriminatory approach to strategic raw materials such as oil and natural gas which are important for the EU economy and for its energy security.

2-025

**Karel De Gucht, Commissioner-designate.** – Energy security is, of course, a very crucial matter, and DG Trade plays an important role in this also, because, for the free trade agreements, we take the lead, for example, in negotiations with Ukraine; it is DG Trade that has the lead role. We will take care that in this and all free trade agreements and other negotiations, this issue is duly taken care of. It is very important that there are real obligations that have to be respected within a framework of agreements which also entail a dispute-settlement mechanism, which I think is one of the most important features in free trade agreements.

As regards your question on non-tariff barriers, I am personally convinced that this will be one of the biggest problems for our commercial policy in the years to come. It is even more important than trade agreements, because once you do away with tariffs by trade agreements – be it WTO or free trade agreements – you see a surge of non-tariff barriers. We have also seen that in the European Union. Once we had done away with tariffs, we fought for about a decade to get rid of the larger part of non-tariff barriers. There will be more and more non-tariff barriers, and everybody will have their own speciality.

I also believe that, at least in the coming years, approaching this problem will largely have to be done on a bilateral and plurilateral basis rather than at WTO level because we do not have the right tools and the right agreements for that yet. This is a very important subject that I will handle with great care.

2-026

**Jan Zahradil (ECR).** – (CS) I will continue with my question about Russia. I would like to ask whether you support Russia's membership of the World Trade Organisation when it is, at the same time, in a customs union with Belarus and Kazakhstan, and if you also support the incorporation of association agreements or even free trade agreements with Belarus or Kazakhstan into the Eastern Partnership.

2-027

**Karel De Gucht, Commissioner-designate.** – I support Russia's entry into the WTO, but of course, it depends on Russia. They have been concluding a customs union with Belarus and Kazakhstan and, although President Medvedev stated at the summit in October that they would try to get into the WTO as soon as possible, we will have to see what happens in practice. Will they give pre-eminence to the customs unions or to the WTO? It also causes additional problems with respect to tariffs, for example. Tariffs have gone up.

Russia is also currently acting contrary to the engagements that they took with the European Union concerning their entry into the WTO. Although these are temporary measures, we will see what happens in practice. So this is a very touchy subject.

*(The Chair cut off the speaker, stating that the speaker could return to the matter during a subsequent answer)*

2-028

**Helmut Scholz (GUE/NGL).** – (DE) Chair, Commissioner-designate, in your priorities, you mentioned both the Doha Round within the framework of the WTO and the 2020 strategy as points of focus for your possible future activity. With that in mind, I would like to ask for your analysis of the reasons for the failure of the Doha talks. In view of this failure, do you intend to carry on the negotiations as before or do you not think that the old mandate, which was formulated in 2001 and which, in my view, is considerably out-of-date, should be adapted to the real conditions of the current economic situation in the world, particularly in view of the financial and economic crisis?

2-029

**Karel De Gucht, Commissioner-designate.** – What are the reasons? First of all, I would not like to talk about failure, because we have agreement on 90% of the topics we had to address in Doha and I am personally confident that we are going to conclude the Doha Round. I do not know whether it will be in 2010 or 2011, but I am quite confident about it and that is why I mentioned it as my first priority. We have to do that deal. What comes afterwards – that is another question.

That also indicates my view on the mandate. No, we should not change the mandate. I do not think you should do that in the course of a negotiation. It would only cost more time; it would make problems more difficult. It is also obvious that we are not going to tackle all the problems in Doha, but there is still time afterwards.

What we should now try to do is close this deal as soon as possible. I know there are also questions as to whether we should change the decision-taking mechanisms and so on. It is not realistic. You can only have a Doha Round closure – and subsequent multilateral negotiations – on the basis of consensus. There are no other possibilities. When you look at where it failed in the end, it was between the United States, China and India. Even if you had a majority rule, I think you will agree with me that they would still have a veto right. Therefore, the explanation is not that it was not by majority. No, it is because there are still some basic differences of opinion on some topics, most notably agriculture.

2-030

**Helmut Scholz (GUE/NGL).** – (DE) Do you not think, though that, particularly in the light of the questions asked by Mr Jadot – in other words, the questions about climate challenges and about combating poverty, the

food crisis and starvation in the world – this rethink in the WTO would be particularly necessary? Would it not make sense – in addition to the question that you have just formulated with regard to the Doha Round – to consider how the WTO should be reformed in general, so that it can deal differently with such employment policy, human rights and climate policy issues in its role – as you said – as ‘the most advanced model of global governance that exists’? Would you then be in favour of establishing a new parliamentary assembly mechanism there so that people from all countries who want to try to restructure this trade to make it an important instrument for international cooperation could participate in the transparent work of this type of international trade organisation?

2-031

**Karel De Gucht**, *Commissioner-designate*. – What is important is that the Doha Round, which was conceived as a development round, also has a development outcome. I think that is very important. This applies to the developing countries, to the North-South and also to the South-South elements in this. I think this can be seen in the results up to now. As the European Union, we are the staunchest supporters of it being a development round. It also implies a climatic change and how trade can contribute, because obviously, the financing for it will have to come from somewhere, most notably from economic growth in the developing world, apart from public funds.

Regarding whether the WTO should have a broadened agenda and could also tackle problems like climatic change: yes, its trade components should also be discussed in the WTO. I think that this will happen but that it is also important for an organisation to stay focused. The WTO is an organisation that, qualitatively, is higher than the United Nations, for example, and I think we should keep to that.

2-032

**William (the Earl of) Dartmouth (EFD)**. – The 27 Member States of the European Union have economies of different size, different structure, different characteristics and different requirements in trade policy. However, the only representation which EU members, including the UK, have at the WTO, the World Trade Organisation, is through the EU Trade Commissioner.

How, as EU Trade Commissioner, will you be able to advance fully and equally the trade interests of each and every one of the 27 Member States, especially as you apparently also have a very full political agenda which you referred to twice in your opening remarks and also in answer to several previous questions?

2-033

**Karel De Gucht**, *Commissioner-designate*. – I think that the unique feature of the European Union is precisely that we can come to a common position and defend it effectively on the international scene. That is what the European Union is about, because the remark you are making about trade policy can be made about any policy.

Obviously we are different. We are 27, and we have upgraded our decision-taking rules in the Lisbon Treaty. We also did that with respect to trade. Parliament will be fully involved and, of course, you will see not only political differences in this Parliament but obviously also, on some topics, national differences, and that is why we have the European Union to overcome those differences.

I think this is a very basic difference of opinion between yours and mine, but you are in Parliament and you have your own opinion. I also have my own personal opinion, but I am not reflecting my personal opinion here: I am reflecting the opinion of the College of the European Commission.

Now, if a problem is very complicated – and obviously trade is not simple, because it is a very vast subject and has a lot of political connotations – I would be inclined to think it better that you have only one trade commissioner. I do not think it would be easy if you had two or three to manage the job.

2-034

**William (The Earl of) Dartmouth (EFD)**. – It is very impressive to get a reply which is 40% under the time to a very complicated question. I particularly asked this question as a United Kingdom MEP because, before Britain joined the then Common Market in 1973, we enjoyed a very large trade surplus with the member countries of the European Union. Since we have been a member, we have had nothing but a large and mounting trade deficit, so our view is that we are better off having our own representation.

Incidentally, I must crave the indulgence of the Chair to ask a question to which I did refer in my opening question. Perhaps you would tell us something about your political agenda and the extent of it. It is mentioned in 4.3 of your written statement.

2-035

**Karel De Gucht**, *Commissioner-designate*. – Perhaps it would be a good idea to discuss your first question in Westminster as well. I have no specific opinion on that. Trade grew tremendously in the 1970s and 1980s, so I will not dwell on what seem to me to be somewhat internal questions.

With respect to my political agenda, I think that I made explicit in my speeches what I am going to do in my job. The political agenda is that I am convinced that our commercial policy will be served by a better and more integrated external policy of the European Union. I am also convinced that we will have to take care that we stay independent and that we keep our specificity because, if not, it could make negotiations much more difficult. So I will not allow the political approach to take precedence over the commercial approach. On the other hand, I imagine the High Representative will not allow commercial policy to be solely based on economic and trade judgments, but that politics will also come into this. That is why we have a college and why the double-hatted role for the High Representative, shared

between the Council and the Commission, is a very good idea.

2-036

**Eva Joly (Verts/ALE)**, *Chair of the Committee on Development*. – I should like to ask Commissioner-designate De Gucht to give us some specific examples of how you will ensure that all new trade agreements comply with Article 208 of the Lisbon Treaty, which requires the EU to take account of the objectives of development cooperation in the policies which it implements that are likely to affect developing countries. Would you go as far as the Court of Justice to interpret this article?

2-037

**Karel De Gucht**, *Commissioner-designate*. – I am presently the Development Commissioner, though not for very long any more, but I will keep that in mind and I will make sure, for example, that the outcome of the Doha Round is a development outcome that really helps the developing countries, because I am intimately convinced that, unless developing countries become part of the overall world economy on a fair basis, they have no real future.

What we really urgently need is a take-off in Africa. We will only be able to do that if trade evolves, not only North-North but a great deal South-South. That is why I think that, for example, the EPAs – the economic partnership agreements – should take the development aspect fully into account. Maybe even the name of those agreements is not the right one. It should be partnerships for development or something like that. I think it would considerably ease the temperature in Africa.

2-038

**Fiorello Provera (EFD)**, *Vice-Chair of the AFET Committee*. – (IT) Mr De Gucht, European industry, more than 90% of which is composed of small and medium-sized enterprises, expects the EU institutions to take determined action to combat unfair and competition-distorting practices, in a global economic context where competition between undertakings is already very difficult. It is therefore important to ensure that the European Union's trade defence system is strengthened.

In the light of the difficulties which have arisen with the US over the harmonisation of trade-related legislation and with China regarding the fight against counterfeiting, and in order to protect intellectual property rights, what steps does the Commission intend to take to develop more balanced trade relations between the European Union and these trading partners, namely China and the US?

2-039

**Karel De Gucht**, *Commissioner-designate*. – Mr Provera, you rightly point out the importance of SMEs in many of our national economies, and it is true that SMEs are much more vulnerable to non-tariff barriers than multinational companies, so we should pay special attention to that issue. As I have mentioned already, it is very important to address it in all the FTAs we make

with third countries or groups of third countries. As far as trade defence instruments are concerned, it is part of my mission statement that we should revisit them, but I think we should do so after the conclusion of the Doha Round and on the basis of our experience.

Secondly, the volume of trade affected by TDI measures is about 2% whether you look at China or whether you look at the United States, which means that in the case of the remaining 98%, there are no real problems. So we should not overestimate this either.

Thirdly, as I already explained, I am in favour of a rules-based approach and not bringing in too many political considerations. If there is dumping, we will act.

2-040

**Fiorello Provera (EFD)**, *Vice-Chair of the AFET Committee*. – (IT) With regard to bilateral trade agreements, what strategies does the Commission intend to pursue in order to push forward negotiations with important regions of the world such as Mercosur and ASEAN?

2-041

**Karel De Gucht**, *Commissioner-designate*. – The Commission is in favour of a regional approach, but we also have to witness that this makes for considerable problems because not all countries in the region are necessarily at the same level. That is the problem we have with ASEAN, and that is why the Commission has proposed – and the Council has followed up this proposal – that we should try to revamp the negotiations with ASEAN by starting with bilateral negotiations, most notably with Singapore and probably also with Vietnam and Thailand – but within a regional political approach. The other idea is that the others could follow suit afterwards.

Mercosur is a little bit more difficult. The discussions halted in 2004. We are ready to start them up again immediately, provided that our counterpart is also of that opinion. I think it would be excellent to do this, but it takes two to tango.

2-042

**Tokia Saïfi (PPE)**. – (FR) Mr De Gucht, I would like to return to the anti-dumping measures. It was a matter of great concern to us during the last Parliament and I think that we will be monitoring this question very closely in the course of the current Parliament. You know that our industry needs effective anti-dumping measures to counter unfair competition and, in your opening remarks, you said that there would be no unfair trade practices. I would also like to add that I fully agree with the view that you expressed that we should have rules rather than a simplistic belief in free trade.

You tell us then that you will improve these anti-dumping measures. Please be more specific. We shall be very vigilant, because one of your predecessors, Mr Peter Mandelson, under the guise of improving these trade defence instruments, set about weakening them. I

would therefore like you, Commissioner, to give us more details on this question.

2-043

**Karel De Gucht, Commissioner-designate.** – (FR) I have, to some extent, already replied to this question because I am of the view that we must await the end of the Doha Round – provided, of course, that this occurs in a reasonable timescale – to deal with this problem, which, moreover, forms part of my mission. I am, therefore, obliged to do it.

I also understand your fear that it might develop in a somewhat lax direction, but that is not my approach. I think that there is a need for an anti-dumping policy that is both effective and reliable, a policy under which our partners know what to expect if certain things occur. I think that this is important because that also has a prohibitive effect, and I also think that, where necessary, all of our tools should be used.

Our actions have to be properly thought through, but we must also have the courage to act, and I am convinced that anti-dumping measures are required in some cases. Finally, what I would especially like to say is that this problem should not be overestimated either as it only affects a small percentage of our trade.

2-044

**Tokia Saïfi (PPE).** – (FR) Mr De Gucht, we have not had further details, but I think that we will have them at a later stage. During your mandate, are you going to preserve the independence of the authorities responsible for carrying out investigations and – I ask you again – guarantee that the fundamental principles of the anti-dumping regulation remain intact?

Will you furthermore undertake to consult Parliament on this question, which is not without importance?

2-045

**Karel De Gucht, Commissioner-designate.** – (FR) I think that the investigation services are very independent and of a very high quality. Any anti-dumping procedure must begin with a professional investigation, and I shall attach a great deal of importance to these services being able to carry out their work in a wholly independent manner.

I am also convinced that the assets of the anti-dumping policy and of the anti-dumping regulation must be kept, but it is possible that some things will have to be adapted to meet new circumstances. In summary, I am someone who believes that an anti-dumping policy is needed in our current trade climate and that it will still be needed a decade hence. Therefore, this policy must be retained, adapting it as needed, but not necessarily in a laxer direction. The very opposite, in fact.

2-046

**David Martin (S&D).** – Karel, I know from our past dealings that you are an honest and robust politician. I have been slightly disappointed this morning when, on occasions, you have said that you have your personal opinions but that this is the ‘College position’ or this is

the ‘Commission position’. This morning, we want to hear your own personal views. Every other time you come before us, you will be defending the Commission’s views. Today we want to hear your views.

I want to ask you about policy coherence. As Development Commissioner, you are well aware that we spend millions tackling HIV/AIDS and cancer in the developing world, yet at the same time, our trade policy sometimes denies access to medicines to the same people through bilateral trade agreements and other trade agreements we enter into. Will you ensure that our free trade agreements do not include TRIPS-Plus provisions? Will you also look at the Indian negotiations, where I understand their officials, despite the views of this Parliament, are still pushing TRIPS-Plus provisions?

2-047

**Karel De Gucht, Commissioner-designate.** – First of all, I think that in 99% of cases, my personal opinion is the same as the opinion of the College in my portfolio. Let me keep that 1% for myself today! Apart from that, I am a strong believer that every human being has a fundamental right to medicines. This is not an easy subject. It has to do with intellectual property rights, but I really believe it should be a policy of ours – and it is – that we preserve this right.

We do that in our customs policy, although there have been some problems, but then you look clearly into it. There are problems, but the end result has always been that the medicines have been delivered.

I know that there is a discussion on whether you should have TRIPS-Plus provisions in certain free trade agreements. I would not necessarily be against this, but I think it is quite possible, on the one hand, that you have those kinds of provisions for specific products and for specific reasons and, on the other hand, this is compensated, for example, by the possibility of parallel imports.

2-048

**David Martin (S&D).** – Notwithstanding your comments on the customs problems, will you as Commissioner look at revising Regulation (EC) No 1383/2003, which deals with this matter?

Secondly, can I specifically come back to the Indian FTA, because this is particularly important in relation to medicines. India is a big producer of generic medicines. If India is constrained, it does not just harm India but it harms many African and other developing countries in terms of their ability to access cheap medicine.

2-049

**Karel De Gucht, Commissioner-designate.** – The free trade agreement with India is still under negotiation. I will very closely monitor that it does not impede the free trade in generic medicines. I will take care of that. But there can be specific problems for specific products which result in a TRIPS-plus exception. So I am not going to rule it out in advance, but this is certainly not my approach. The idea should really be that developing

countries have a right to those medicines and that we should do everything to realise this also in practice – and, yes, I will be revisiting the Regulation you were just mentioning. It will take some time to do that, but there are certainly some adjustments that should be made to avoid what has happened in the past, for example, in the Netherlands. I think we should do that, yes.

2-050

**Godelieve Quisthoudt-Rowohl (PPE).** – (NL) Mr De Gucht, I wish you, as Commissioner-designate for Trade, a very warm welcome. I hope that there will be sound cooperation between us. I think that I am the only Member of this committee of Flemish origin.

2-051

(DE) Commissioner, I would like to return to what you said about Russia. You once wrote that you consider Russia to be a very important element in our trade relations, which is indeed the case for the European Union. You also state that the different nationalities in Russia that we need to deal with in this regard have different ways of looking at things. You also rightly said that we cannot even be sure whether Russia itself wants to be a member of the WTO. My question is, therefore, how do you imagine we can encourage the development of our trade relations with or without possible WTO membership? How would you like to see that working in cooperation with the Commissioner in connection with the PCA? Would you prefer to view it in a pragmatic economic way or would you want to include more fundamental political elements?

2-052

**Karel De Gucht, Commissioner-designate.** – I will acknowledge that it is very difficult to give an answer to that in 60 seconds. But I believe that we have an essential interest in the European Union having good relations with Russia, be it politically or be it economically. This will be preserved I think by contractual obligations; that is why I think the agreement which we are presently negotiating with Russia is very important, that the trade chapter in it should be very well developed; that is why I believe that it is good that Russia comes into the WTO as soon as possible because that it is also about contractual obligations which have to be respected. I believe that also politically, it is very important to engage with them because they are our neighbours and they are going to remain our neighbours.

2-053

**Godelieve Quisthoudt-Rowohl (PPE).** – (DE) It does have a lot to do with Russia, but not only Russia. Of course, it is very important for us to be able to count on a reliable supply of energy. In this regard, you will have to work with a number of other commissioners, not only in connection with Russia, but also, for example, in connection with Ukraine, Iran and Iraq, among others. How do you envisage this cooperation unfolding in practice and how do you intend to try to prevent the role of Commissioner for Trade from losing significance for us in Parliament and the Committee on International Trade in this complex field? I have one more question. My colleague, Mrs Saïfi, asked whether you intend to

involve Parliament in the anti-dumping negotiations. Do you intend to do this, yes or no?

2-054

**Karel De Gucht, Commissioner-designate.** – (FR) As for the actual anti-dumping negotiations, I think that they must be carried out by the Commission, but I am ready to discuss these matters with you and listen carefully to your proposals. However, the negotiations fall within the remit of the Commission, and I think, moreover, that it is better that way.

Secondly, as for energy provision and security of supply, I have no fears that the independence of trade policy will be undermined. On the contrary, I think that the fact that our external economic relationships are increasingly developed and supported by a more political approach could be useful to our trade policy.

I have no problem with working with the External Action Service whilst observing that we are not part of it and that it is therefore independent. I am someone who very much likes independence and I do not think that, in this case, there is much risk.

2-055

**Gianluca Susta (S&D).** – (IT) Commissioner-designate, in our view, the economic and financial crisis from which we have not yet emerged calls for a series of legislative measures to support the recovery of the real economy and, in particular, of the manufacturing industry.

What is your position on the proposal for a regulation on mandatory origin marks for third country products in order to protect consumers, something which Parliament backed by an overwhelming majority a few weeks ago? What proposals are there to better coordinate the fight against counterfeiting in Europe and worldwide?

Allow me also to ask you to reflect further on the agreement with South Korea, which should be considered more in terms of its impact on the real economy than its virtually academic methodology, which could teach us something but which could also heavily penalise certain Italian and European productive sectors.

2-056

**Karel De Gucht, Commissioner-designate.** – There is a difference of opinion on the ‘made in’ proposal. Parliament is in favour of it and the Council is not in favour of it, so we will try to have a proposal that makes it possible. My predecessor, Catherine Ashton, made some proposals back in October, and I hope this will facilitate the decision-making process.

As regards counterfeiting, I know that the supporters of a ‘made in’ directive – that will have to be decided by codecision under Lisbon – argue that it would help to combat counterfeiting. Probably, yes, but I think what is still more important is that we get a good agreement, the Anti-Counterfeiting Trade Agreement (ACTA). I will do

everything possible to come to a positive outcome on that as soon as possible, within the WTO.

2-057

**Gianluca Susta (S&D).** – *(IT)* Asking you to elaborate upon the free trade agreement with South Korea was an invitation really, given what you said, but I think that it is worthwhile examining the matter further.

2-058

**Karel De Gucht, Commissioner-designate.** – I do not think it causes problems within the free trade agreement with Korea. There are sectors that we said we will have to discuss – for example, the automotive sector – but, as far as textiles, for example, are concerned, this is a very limited part of the trade flow between the European Union and Korea. I think it is also adequately tackled in the free trade agreement – the basic provisions and also the safeguard measures that can be triggered for a period of four years.

There are things we have to discuss, and I am very open to doing so as soon as possible, but I do not especially see them in the manufacturing sector – much more in other sectors.

2-059

**Iuliu Winkler (PPE).** – Let me quote from your opening statement this morning. You said that trade is a powerful engine for growth in Europe and elsewhere. As a former Minister for Trade for my country, Romania, I hear this with full satisfaction, and I took note of this type of very constructive approach. I would be very interested to hear your comments on the importance and role of the Central European Free Trade Agreement, the so-called CEFTA 2006, as a valuable tool for enhancing the European Union membership perspectives for the Western Balkan countries.

It is widely accepted that the CEFTA 2006 is a preparatory exercise for those countries from the Western Balkans in applying the EU's common trade policy. I personally think it is much more than that, and I wonder if you share that vision with me.

2-060

**Karel De Gucht, Commissioner-designate.** – The CEFTA is part of the pre-accession approach. I think we should realise that, for a new Member State, it is simply not easy to digest all the *acquis communautaire* at once, because we are a very developed economic area which is also well integrated.

This is a very good preparatory approach, on the basis of free trade and doing away with tariff barriers. So, I see this as a very valuable tool for the integration of the Western Balkans into the European Union, which is the political goal. Obviously, the political goal of the European Union is that the Western Balkans should be integrated into the European Union, not only as soon as possible, but also in the most optimal way. It is very important politically; it is also very important economically and is most important for the 'historic' members of the European Union, because we are creating the biggest market in the world.

2-061

**Iuliu Winkler (PPE).** – If we can stay, Commissioner-designate, in the same geographical area, in the eastern part of Europe: in your communication to Parliament, I found the mention that the multilateral trading system is very efficiently complemented by bilateral agreements and I found a mention of Ukraine in this perspective, as well as other neighbours in the eastern part of Europe.

Mention should also be made of the Republic of Moldova, which, very interestingly, is also a member of CEFTA 2006. So I wonder whether you will be active in using trade and, of course, development and economic cooperation, as tools in also bringing those countries towards a sort of European Union perspective.

2-062

**Karel De Gucht, Commissioner-designate.** – I am not going to commit myself to a European Union perspective for Moldova. That will have to be discussed and decided later on, but I think it is very important that it becomes, in the first instance, part of the European Economic Area in broad terms.

But you know that there are also political problems concerning Moldova that will have to be resolved, so we need to have a gradual approach. I think that more specifically within the neighbourhood policy, we have a gradual approach which is country-specific. Also the approach for Moldova is country-specific, and within that country-specific approach, CEFTA is certainly a valuable tool.

So we are in favour of promoting this, we are in favour of integrating them, but we also should realise that this is not only an economic problem – although there is an economic problem. I understand the question coming from the Romanian side, but there are also some political sensitivities.

2-063

**Niccolò Rinaldi (ALDE).** – *(IT)* Mr De Gucht, many specific questions have been put to you. I wish to refer to your answer to Mr Arif at the start of this hearing. You said that the goal of international trade is growth and employment in compliance with social rights, and you also added that sometimes we need to seek growth elsewhere.

I am a new member of this committee and, at times, we have tried to discuss certain matters with the Commission, for example, the fact that the agreement with Korea, according to certain information, could lead to many job losses, and that the trade deficit with China has tripled over the last five years. In talks with our ACP partners, they claim that the existing economic partnership agreement strategy may indeed increase free trade with their countries, but may also aggravate domestic social and productive conditions.

I would like you to explain your parameters for gauging the success of a trade policy: whether it is increased trade *per se* or whether you intend to introduce and share

with us different assessment criteria and parameters relating to the real economy.

2-064

**Karel De Gucht, Commissioner-designate.** – It is true that our trade deficit with China has become bigger, but we are not the only ones: you see exactly the same pattern between the United States and China.

By the way, when you take Asia as a whole, the trade deficit has not gone up, so there are also a lot of shifts within Asia itself.

Is the goal growth or trade *per se*? No, but look at the recent economic crisis resulting from the financial imbalances and you will see that as soon as trade halts, you get into very difficult economic problems as well, so we cannot conceive of the world economy without trade, and I think that to have that trade we need to set rules, and that is what my job is about. It is not only trade promotion. Trade promotion is largely the job of the Member States and, within certain Member States, even of the regions.

But my job is the legal and political framework that makes trade possible and pursues goals, these being growth, protection of social rights and also projecting our European values on the world scene.

2-065

**Niccolò Rinaldi (ALDE).** – (*IT*) Commissioner-delegate, when you have the opportunity to travel, I would suggest you visit a supermarket in Asia or Latin America. It is almost laughable really: the goods you see are not out-and-out fakes, but instead a kind of false parading of certain mass-produced products, which are sold as though they had been produced in certain European countries.

In this regard, I would like to know whether you intend to propose extending Article 23 of the TRIPS Agreement, which is currently limited to alcoholic beverages, to include other products covered by a geographical indication of European origin. To some extent, this measure is relatively straightforward, but it could provide genuine protection of these geographical indications at international level.

2-066

**Karel De Gucht, Commissioner-designate.** – Yes, I have already been travelling around a little bit. I was the Minister for Foreign Affairs for five years so I have seen parts of the world and also some markets, because that is always very interesting when you visit a country. Having said that, I am not sure that you could extend Article 23 of TRIPS to manufacturing goods, for example. That is not obvious to me. I think you have to do that in another way.

I am in favour of a ‘made in’ proposal, as has been put down, but I need an agreement between the European Parliament and Council on that. I think the proposals made by Catherine Ashton in October could help. It will limit the scope – that is obvious – but it would be a very

good approach, and I will certainly support it. On the other hand, concerning TRIPS, I do not think you could easily compare beverages with, for example, shoes.

2-067

**Peter Šťastný (PPE).** – On 15 October, your predecessor, Catherine Ashton, signed a free trade agreement with South Korea, and this agreement is right now pending ratification by Member States and by this Parliament.

I have a specific question: Are you aware that the concessions granted to South Korea on duty drawback and rules of origin will put European manufacturers at a disadvantage in competing with South Korean manufacturers in the European market?

How do you propose to remedy this situation and preserve a level playing field in the European market?

2-068

**Karel De Gucht, Commissioner-designate.** – I know that duty drawback is a very touchy subject. I have tried in recent days to get a more tangible idea of what it is really about and what its consequences would be. A rather simple calculation suggests that for a car with a value of EUR 10 000, it would make a difference of EUR 100. That is what we are really talking about, so let us try to stay calm and discuss this thoroughly.

On the other hand, duty drawback is an internationally accepted practice. Europe is also doing it – we are also applying duty drawback. It is not something that all of a sudden appeared with Korea, but, if there are problems, we can react. There is a special mechanism that has been foreseen whereby it can be limited to 5%, whereas it is now about 8%. So we can limit it. We can also react on the basis of the safeguard measures that can be triggered. So, if duty drawback has the results that you envisage, then we could also use the safeguard measures, and if that problem occurs we will do so, but let us now look at the agreement as it is and judge it on its merits.

2-069

**Peter Šťastný (PPE).** – I still feel that the playing field is a little bit uneven, and you said yourself in your opening speech that it is a good agreement. In my vocabulary, ‘good’ means ‘average’. Whenever we have an average agreement, we have a lot of unsatisfied participants, and I would just like to know if you see this the way I see it. There might be a trend where European manufacturing will be gradually replaced by more and more imports, which might have a negative impact on jobs and employment in the European Union.

2-070

**Karel De Gucht, Commissioner-designate.** – Dear Member of Parliament, for me ‘good’ is ‘good’, because ‘average’ does not exist in the real world. My judgment is that this is a good agreement. I will defend it before the European Parliament. I am ready to discuss the implementation of the safeguard measures with you. We are ready to share with you all the data that we have to support our thesis that this is an agreement which is beneficial for the European Union.

I am also confident that it does not really cause a problem for the manufacturing sector, because we have safeguard clauses whenever imbalances occur. Looking specifically at those who manufacture goods, I think that Korea is certainly not the biggest problem in Asia. There are other problems and we will have to tackle them. It is certainly not Korea, because the standard of living is already much higher there. They are increasingly committing themselves at all levels with respect to ILO treaties and with respect to the rights of workers. Therefore, this is certainly not the principal problem with respect to manufacturing goods in Asia.

2-071

**María Muñoz De Urquiza (S&D).** – (ES) The Commission has, with good reason, been somewhat wearied by the negotiations in its relations with some of the Latin American integration processes, in particular, the case of the Andean Community. The absence of an agreement within the Andean Community with regard to negotiations with Brussels has led some of its members to individually initiate bilateral negotiations with the Commission, which is the case for Peru and Colombia.

With regard to Colombia – and you foresaw that we would return to this issue – there is a serious debate surrounding the level of respect of human rights and union rights in that country. There is a sector of opinion that considers that the violations of those rights are serious, and that the Commission should not therefore sign any sort of agreement with Colombia. There is another sector of opinion that thinks that the situation is improving, but that, above all, there is a need to establish links through a formal agreement that creates a closer link with Colombia, which would enable us to exert greater pressure in favour of human rights.

What is your opinion?

2-072

**Karel De Gucht, Commissioner-designate.** – Next week, a technical mission of the European Commission will go to Lima for a further round of discussions. I guess that we will not come to an ultimate decision concerning closing of discussions because there are still quite a number of points that have to be tackled. But it will be a discussion at the technical level, not at the political level and, in any circumstances, we will only initial an agreement with Colombia after a thorough political discussion on this subject.

So the eventual closure of the technical discussions does not mean that initialing would automatically follow. It will happen only after a thorough political discussion on the matter.

2-073

**María Muñoz De Urquiza (S&D).** – (ES) My supplementary question concerns the WTO negotiations on geographical indications, which are considering excluding from protection typical products linked to a region other than wines and spirits.

What is your strategy for securing effective protection for geographical indications in the context of the Doha Round?

2-074

**Karel De Gucht, Commissioner-designate.** – The discussion within the WTO is still taking place on geographical indications; it is something that is very important for the European Union. We have seen in the European Parliament that it will come up time and again. We will pursue an ambitious agreement with respect to geographical indications within the WTO. We are addressing the issue in bilateral negotiations and in regional negotiations, but also within the WTO, and we intend to secure an ambitious agreement.

2-075

**Caroline Lucas (Verts/ALE).** – I wanted to raise a question about corporate influence on EU trade policy and to go back to the question of independence.

In your written answer to Parliament's questions, you stressed very strongly the need for independence. You connect it to what you call the readiness to listen and to seek the opinion of the widest range of stakeholders and experts. You conclude that independence allows for constructive resistance to counter third-party interests where these have undue influence.

We are very happy with those strong words from you and will be keeping a vigilant eye on how they are translated into practice, especially with regard to the successor to the Lisbon Strategy, which President Barroso has announced that he plans to present early in the next Commission's mandate and in which you want trade to become an integral part.

But I think some of us here have the impression that not all your predecessors have upheld independence as such a key value. Thanks to the work of an NGO which obtained a judgment for access to documents from DG Trade, we now know that, during the genesis of the Global Europe Strategy, Business Europe had at least seven meetings on global Europe with top officials at DG Trade, whereas trade unions and civil society had very little.

How will you make sure that you resist undue influence of particular interest groups when it comes to the revision of the Global Europe Strategy?

2-076

**Karel De Gucht, Commissioner-designate.** – This is, above all, a matter of personal integrity. I have no problem with there being full transparency on who is meeting whom at the services level.

There is also a register of lobbyists. It is a fact of life that there are a lot of lobbyists – it is because you have become important that there are a lot of lobbyists. I have met once with the chair of Business Europe, which is, of course, an interlocutor, and will do so again in the future. I am ready to have consultations with civil society,

including within the civil society initiative that was launched by Commissioner Lamy about 10 years ago.

On the other hand, it is very important to be informed about what really is at stake in negotiations, and you can only find that out by meeting with all stakeholders, which I will do on an equal basis.

2-077

**Caroline Lucas (Verts/ALE).** – I am glad you say an equal basis because the issue is obviously not the access of lobbyists in general: it is the disproportionate role of industry lobbyists in particular. For example, during your time as Belgian Foreign Minister, which included the trade portfolio, you created something like an informal Belgian business council, which consisted exclusively, as I understand it, of captains of industry, to advise you on trade policy. And yet, as far as I know, you never took an initiative to set up a parallel body of trade unions and civil society, for example, even though requests were brought forward for that.

Can you assure us that, as Trade Commissioner, you will employ a more balanced model of taking advice and developing trade policy?

2-078

**Karel De Gucht, Commissioner-designate.** – I already mentioned earlier in the debate that the roles of a Member State and of the European Union, and, in particular, of the Commissioner for Trade, are quite different. Member States are concerned above all with trade promotion, and I established the Business Council to discuss with business how we could better promote their products in third countries. I hope that my successor will continue that approach. As Minister for Foreign Affairs, I also consulted civil society, on a regular twice-yearly basis, on Belgium's general foreign policy issues. And I have always maintained an open-door policy if they wanted to come and see me. They always had that possibility and that will be my policy also in my new task.

2-079

**Michèle Striffler (PPE).** – (FR) Now that an agreement has been reached in the World Trade Organisation on the dispute over bananas between the United States and the European Union, what measures are you going to take to ensure that the African, Caribbean and Pacific countries are able to carrying on producing bananas at competitive prices on the world market, without having to resort to social dumping?

2-080

**Karel De Gucht, Commissioner-designate.** – (FR) First of all, I am very pleased that an agreement on bananas has finally been reached. This is necessary if we really want to conclude the Doha Round. It is very important to have this agreement because handling this question within the framework of the World Trade Organisation would imply a reduction of around 80% in tariffs, whilst the 'bananas' agreement means a reduction of 35%. I think therefore that it is much better like that. It is, in fact, a sort of early harvest for the Doha Round.

Secondly, in the agreement we have also provided a sum of EUR 200 million to support local producers in the African, Caribbean and Pacific countries. As for the European production of bananas, in some outermost countries particularly, there is also a 'green box' that includes measures intended to provide direct support to the banana producers.

I think, therefore, that we have really taken care to preserve these rights.

2-081

**Ioan Mircea Pașcu (S&D).** – By creating the position of High Representative, the Lisbon Treaty wanted to really give a signal that it wants more coherence in the EU's external relations.

Trade is a major component of our external relations. You have already mentioned that you will collaborate with the High Representative – who happened to be your predecessor in this post, which is helpful – but do you have an opinion on partnership and cooperation agreements versus free trade agreements? How do you handle these instruments? Do you have a certain pattern in this respect?

2-082

**Karel De Gucht, Commissioner-designate.** – The difference is that for a free trade agreement, trade takes the lead and the Trade Commissioner takes the lead. For a Partnership Agreement, it is the High Representative who takes the lead. That is the difference.

The decision on whether we engage in a free trade agreement or in a partnership agreement of whichever sort – there is a very interesting collection of acronyms for these – is a political decision taken by the Council on a proposal from the Commission, so we will have to address that.

We are also part of the negotiations on a partnership agreement with Russia, for example, as far as trade is concerned. We are anxious to make sure that we are intricately involved – not just implicated – in the negotiations. It is true that this is a kind of political decision. There are also good grounds for doing this. For example, with respect to Russia, it is obvious that this is not only about trade, but about a lot of other topics we have to address. This is a good question that you put.

2-083

**Jan Zahradil (ECR).** – That is exactly why I do not have a further question!

2-084

**Karel De Gucht, Commissioner-designate.** – Trade is not part of the External Action Service. It stays out because there we have exclusive competences.

On the other hand, I think it is invaluable that we have good cooperation with the External Action Service. The External Action Service will exist in Brussels and in third countries – especially in third countries. In certain countries, we have trade delegations that will work with the External Action Service, although they will not be

part of the External Action Service as they are directly responsible to DG Trade. I am of the opinion that hierarchically, they should not be under the External Action Service, but on the other hand, I think it is very important that we work closely together.

I am not afraid about that because I have some experience with diplomats abroad, with the different embassies that we will still have for some time in third countries. You see that on the spot they are working very well together. I think exactly the same will happen between the External Action Service and Trade and between the External Action Service and the bilateral embassies. It works very well abroad.

2-085

**Jan Zahradil (ECR).** – It will be about deregulation because Mr Barroso has said a lot about better regulation in the upcoming term. So do you plan actively to help Mr Barroso in his plans, for instance by identifying those elements of the *acquis communautaire* and internal market regulations that are not particularly trade-friendly and might possibly be modified or removed?

2-086

**Karel De Gucht, Commissioner designate.** – I do not mind replying. I am not only there to help Mr Barroso – he is my boss, so I will work together with him – but obviously I have to put my own mission statement into practice.

You can look at EU legislation from different angles. Trade people might say, look, there are some non-trade friendly measures in your legislation and we should address them. You will have the same approach from the development people, from the structural fund people, from the tax division and so on. But European legislation is the compromise of all this.

I am ready to answer a specific question and address a specific measure. As I see it now, I would not say that overall, there is a trade-unfriendly approach in our legislation; I would not say that.

2-087

**Joe Higgins (GUE/NGL).** – You replied to Parliament's questionnaire: you are quite bullish in wanting to go further and faster in promoting what you say is openness and integration of markets through free trade agreements and economic partnership agreements.

Now, Commissioner-designate, is not the reality of many EU trade agreements that they allow EU-based multinational corporations to swamp the markets of poorer countries, destroy small producers, cause massive social dislocation and destroy potentially millions of jobs, as in the case, for example, of the proposed EU-Mediterranean agreement? So how can you pretend that pushing further and faster for more liberalisation is anything more than representing nakedly the interests of European big business? Do you accept that there is a conflict of interest between what is good for the super-profits of EU multinationals and the welfare of

working people, and that there is also a conflict between them with regard to human rights?

2-088

**Karel De Gucht, Commissioner-designate.** – I guess it could be that we have a somewhat different approach on that matter. But let me say two things: first, I do not believe that a country can develop without developing its economy, and it cannot develop its economy without developing its trade. When you have no trade, for example, in agriculture, you have subsistence agriculture. It is only when you have trade that you also have commercial agricultural production. So I believe that, yes, you have to free markets.

On the other hand, and I say it also very clearly in my written statements, the aim of our commercial policy is also to project our values with respect to human rights, with respect to the protection of the environment, with respect to climate change, with respect to the rights of workers, and they are, and they will be, an integral part of my approach with respect to trade policy.

2-089

**Joe Higgins (GUE/NGL).** – Trade can be on the basis of human solidarity, or it can be on the basis of a predatory relationship, which I say is the EU relationship.

Can I press you further on the human rights issue? You said that only after a political discussion or debate would you consider signing a trade agreement involving Colombia. But is it not clear that the people on the ground in Colombia, the non-governmental organisations, perhaps the Permanent People's Tribunal for one, have already clearly produced evidence implicating the Colombian Government and 43 multinational companies, including European-based multinationals, for their role in the violence, especially against trade unionists, 49 of whom were murdered in 2008, and over 30 last year?

Yet are not big businesses, including European businesses, the beneficiaries of repression against trade unionists? So what steps will you take to investigate this situation before you even consider signing an agreement with Colombia?

2-090

**Karel De Gucht, Commissioner-designate.** – What I said was that we are not going to initial an agreement before there is a full political discussion. When a trade agreement is negotiated, first you have the negotiation, then you have the initialling, and it is only afterwards that the signing takes place. So I say that, even before the initialling, there will be a political discussion and I will personally look very thoroughly into the matter.

Secondly, in the negotiated texts, up to now, there is already a human rights provision where measures can and will be taken if there is an infringement, but it is an engagement on my behalf that you will have a political discussion on this, and I will also see how I will do this with the counterpart before even the initialling of this agreement will take place.

2-091

**Bastiaan Belder (EFD).** – (NL) Chair, I am not the one who designates you, but I am a member of the party group. I am Bas Belder from the Netherlands, so I, in any case, feel a close connection with the Commissioner-designate, as we do have a shared past. Not always tranquil, but currently very good.

Mr De Gucht, in the Western Balkans, we come up against the phenomenon of the tycoons, cartel-building, market monopolisation, and that clearly fits extraordinarily badly with our own principles of trade. These are countries that are aspiring to accede to the European Union. How do you plan to overcome this barrier to trade – as this is urgent, if you look at the average incomes of, for example, the Serbian population and the food, and you are someone who shops around, someone who is price-conscious. Something does need to be done about this. How do you intend to remove this barrier?

2-092

**Karel De Gucht, Commissioner-designate.** – (NL) You talk about tycoons, and it is clearly a fact that cartel-building is taking place and there are always attempts to build cartels in market systems, that is obvious, but these tycoons would be rendered particularly small if they properly found themselves in the European Union. I think that, in that case, we do have the tools to put a stop to this, namely through our competition policy. That area – competition policy – is not my responsibility. You will have to ask one of my colleagues about that, if you so wish, but I am convinced, in any case, that their very accession into the European Union will mean that these, in some cases, quite historical monopolies are broken up and that, as a result, you will indeed see a market effect, with the end result being better products for a better price.

2-093

**Bastiaan Belder (EFD).** – (NL) The question I have now represents a change of tack, somewhat, from my previous question, but it is an urgent issue, namely in that I asked your predecessor, Baroness Ashton, last year to have a communication brought forward by the Commission quickly, both to the Council and the European Parliament, about the fate of child labour in trade-related areas.

Commissioner-designate, when can we expect to receive this important communication from the Commission, both here in Parliament and in the Council? The Council also asked about it again in December. It has been some time now, and my country and my government, in particular, are very keen to see this communication.

2-094

**Karel De Gucht, Commissioner-designate.** – (NL) At the request of the European Parliament, the Commission has indeed produced a report on child labour. The report is ready and it will therefore be submitted to the Council and Parliament soon. It was my understanding – but we will see over the coming days – that this would actually take place under the current Commissioner for Trade, Mrs Ferrero-Waldner, and at first glance, she does still

have time for that, up until 27th January – which is also my birthday.

2-095

**Pawel Zalewski (PPE).** – (PL) The Treaty of Lisbon established the European foreign service. It also gives the Union new competences in the area of foreign investments. I would like to ask the following question: how are you going to use these instruments to protect the trade and investment interests of different Member States which have been impaired by the actions of third countries?

I am not thinking, here, exclusively about tariff barriers imposed on products from anywhere in the Union, but about non-tariff measures directed against particular Member States. The same concerns unequal conditions of investment in third countries offered to firms from different European Union Member States. Such measures are being taken – for political reasons, for example – by countries such as Russia.

2-096

**Karel De Gucht, Commissioner-designate.** – Investment is a completely new competence for DG Trade. It is a very important enlargement of its competences as it is, of course, part of the trade scenario. We will have to address a lot of issues in this respect, and I suggest that some time soon, we should have a follow-up discussion on this matter on the basis of a communication on how the European Commission is going to address it.

There are existing investment agreements, by which I mean agreements for protecting investments. There are about a thousand of them. We are going to do away with them. First of all, we will preserve legal certainty, then we will look closely at what initiatives we should take, and towards which countries. Within our prerogatives with respect to investment, legal certainty for investments in third countries is a main topic that we should certainly address very soon because, for example, it has a lot to do also with energy security. I could say a little more about that, Chair, but I understand you have no possibility to allow me to do so.

2-097

**Pawel Zalewski (PPE).** – (PL) My second question is a development of the first and is about the protection of free trade and using it to promote European values. You spoke about Ukraine, about a free trade agreement with Ukraine. Do you think the agreement should be completely autonomous, and not address the internal situation in Ukraine? To put it another way, by giving the Ukrainian side a number of incentives, and creating advantageous solutions for Ukraine? Should the agreement not encourage the introduction of reforms to strengthen the rule of law and free market principles in Ukraine?

2-098

**Karel De Gucht, Commissioner-designate.** – The free trade agreement that we are negotiating with Ukraine at present is part of a much broader package that also entails a very important political chapter. But the free

trade agreement is very instrumental in energy security. That is one of the reasons why it is considered by the European Union to be a priority.

On the other hand, I think it is very important that we would also have provisions in the free trade agreement with respect to labour. We would have provisions with respect to the preservation of the environment. So, we will not have a simple approach focused only on trade as such. We will address all the topics that we are addressing in free trade agreements with other countries, like, for example, we did with South Korea recently. We will also do that with the Ukraine, although it is obvious that it is of major importance for the energy security for Europe.

2-099

**George Sabin Cutaş (S&D).** – I would like to discuss an important topic which you have already mentioned in your introductory statement but did not have time to develop. I would like to give you the opportunity to develop on it now.

I am talking about respect for the environment, labour rights and fundamental human rights criteria. How do you feel about automatic inclusion of those criteria within bilateral and multilateral agreements?

2-100

**Karel De Gucht, Commissioner-designate.** – If you mean by automatic that we address the matters, yes, we will do so and we will make sure that the result is duly reflected in the agreement. On the other hand, I do not think that you can speak of automaticity in the sense that the provisions would be identical in all agreements, because obviously the degree of development differs from one country to another. But I do firmly believe that we should use our trade policy to project our values, although this is, of course, a balancing exercise. I really believe that by trade, you can foster human rights in trading partners – you can do that. It is not an automatic process but you can do it and I think you should try it all down the line. I am sure that you should include references to the ILO treaties on labour, and that failure to respect those treaties should have consequences.

I believe that we should take care of the environment, and this concern should be addressed in respect of specific countries. So, while all this should play a larger part in our negotiations, these are still trade agreements, and the idea is to foster trade, though with due respect to the points to which you have just referred.

2-101

**George Sabin Cutaş (S&D).** – Remaining on the same topic, I would like to continue by pointing out that the United States already introduced a Trade Act in 2009. That Trade Act proposed including those standards in new trade agreements.

I am concerned about what you think the necessary action from the Commission side will be in order to move the European Union into a new trade and globalisation model.

2-102

**Karel De Gucht, Commissioner-designate.** – I think it is very important that, for these kinds of topics, the US and the European Union have the same approach, to the extent that the United States is also moving in this direction to address all these topics in their agreements, and not simply to address them but also do this in a way that they have real impact.

It makes it easier for the European Union to do the same because in trade, there is also a lot of competition – competition between trading partners – and I think it is very important that the European Union and the United States would have the same approach. You should not forget that, together, we represent more than 50% of the world economy, so that if we really want to set standards, we should set them together.

2-103

**Pablo Zalba Bidegain (PPE).** – (ES) Returning to the subject of Korea, you said that some of the conditions, such as duty drawback, which is causing so much concern to some European Union industries, such as the vehicle and textile industries, are not a problem due to the size of Korea and its high economic level.

I do, however, think that we need to be very careful with these conditions, because they will set a precedent, an important precedent, for future agreements with other countries that have other conditions and are a different size. This is something that also concerns some members of this Committee, and I would like to know your opinion on it.

Also, going back to the strategic relationship with Latin America, as far as the trade chapter is concerned, are you going to promote the association agreement with Central America, which is already practically concluded, and, once it has been resolved in the context of the WTO, the bananas agreement, in the light of the clean elections held in November in Honduras?

2-104

**Karel De Gucht, Commissioner-designate.** – I agree with your remark on duty drawback. In any individual negotiation, we should consider what attention should be given to that. I mentioned earlier that duty drawback is not something that suddenly appears in the free trade agreement with Korea. For example, it is also part of our existing agreements with Columbia. So Columbia will have to address this too. It is not a novelty. But I agree that we should give due attention to that.

With respect to Latin America, there is a political problem, namely Honduras. The question is whether we are ready to engage with Central America with Honduras being present. There are differences of opinion on that. We will have to reassess the situation once the government is in place but that is a political decision that will have to be taken and where you, too, will have your say. I believe very much in responsibility so I will ask you what we should do: should we negotiate with them or not?

2-105

**Pablo Zalba Bidegain (PPE).** – (ES) In relation to Colombia, you also mentioned that there is a safeguard clause, but as you know, it enters into force five years after the agreement. If the agreement were not as balanced as you think, do you not think that could be too late for some key industries and for employment in Europe?

2-106

**Karel De Gucht, Commissioner-designate.** – I think your question refers to Korea. You said Colombia in your question.

*(Pablo Zalba Bidegain confirmed that he had meant Korea)*

Concerning the reason why this remedy for duty drawback comes into place after five years, I was also asking myself: why is this? What is a good reason for that? It is quite a natural question. It is because that is the moment when there are no more tariffs, and it only comes into play when there are no more tariffs. As long as there are tariffs, this will be a contradictory approach. That is the answer to your question.

2-107

**Marielle De Sarnez (ALDE).** – (FR) You have said repeatedly that, in your view, international trade is not an end in itself but should be an instrument in the service of policies and objectives. I agree absolutely with that and am pleased to hear it. However, if this is not to be mere wishful thinking, you need to bring in changes or a reforming spirit.

Are you ready to defend the idea that the European Union is calling for changes to the World Trade Organisation's rules and mandate, to include therein some social, environmental, health and good governance standards? Are you ready to go that far in a spirit of reform or not?

In addition, you have just rejected out of hand the idea of a carbon tax at the borders, which nevertheless has the support of a number of Member States. I do not know if it is a good idea or a bogus good idea. However, I would have preferred the Commission, or the future Commission, to say to us: 'Listen, we are going to do an impact study on this important issue, and then we will see where we stand'.

2-108

**Karel De Gucht, Commissioner-designate.** – (FR) Mrs De Sarnez, I think we ought to talk about changes to the World Trade Organisation once the Doha Round has concluded. I do not think it would be advisable to do so at present.

At the moment, we need to try to reach a real conclusion, before looking at what we are going to do about the questions that you have raised about the environment, human rights and the climate issue, and therefore the current negotiations, above all.

As for the carbon tax, I think that it is very difficult to implement. You have moreover already experienced it in your country, since there was a carbon tax that was overturned by the Constitutional Court because it did not comply with the principle of equality. The problem will therefore re-emerge in the future.

I imagine that a new draft of this legislation will now be presented, but we have seen that too in the past. It is not an easy matter to introduce whilst complying with the principle of equality.

Moreover, I am really convinced that, if this were to be done, there would be a build-up that would lead to a trade war. I do not think that would really benefit our economic system. Before doing it then, it really does require very serious thought.

You mentioned an impact study. I do not know for sure. I think such a study has already been started. Speak to my services about it. I think that you are correct on this point but it is a question not just of the impact, but also of the feasibility of the whole idea that needs to be examined.

2-109

**Marielle De Sarnez (ALDE).** – (FR) I think that it would be useful to make further assessments in the policy pursued by the European Union. We could carry out a study of this question.

On the question of development – I know that you are the Commissioner for Development – I fear that the result of development policy and trade policy is neither satisfactory nor good for the developing countries.

Nor do I believe, deep down, that open markets at any price are useful for the developing countries. There is a frightening increase in inequality and poverty, particularly for all the poor farmers who are unable to make a living from their land – I am thinking particularly about Africa.

I believe that it is also necessary to take another in-depth look at the question of the challenges for European trade policy as it relates to the developing countries. I think that perhaps reform and a different policy are needed to lead them towards more development.

2-110

**Karel De Gucht, Commissioner-designate.** – (FR) I have given much thought in the past and in recent months as to what really needs to be done to give more opportunities to the developing countries and there is no easy answer. However, we cannot blame the World Trade Organisation or the Doha Round either.

This is because, for example, the least developed countries are not changing their tariffs. They are not obliged to lower their tariffs and are not doing so within the framework of the Doha Round. On the contrary, all of these countries have free access particularly to the European market, under the terms of the 'Everything but

arms' mechanism, which, I may add, we are the only ones in the world to apply.

What we would like is for this to become generalised within the framework of the Doha Round. I do not think that we are doing anything that works against them or causes them difficulties. Quite the contrary. However, we must also be aware that development is a very complicated issue, something of which I am becoming increasingly aware with each day that passes.

2-111

**Christofer Fjellner (PPE).** – (SV) First of all, I would like to say that I am pleased to hear that the Commissioner-designate is willing to review the trade defence instruments. I believe this to be extremely important.

I am also pleased to hear that you are dismissing the idea of carbon dioxide duties, something that I believe could lead to 'green' protectionism, which would jeopardise our fight against poverty and quite simply threaten the environment, because it is not trade as such that creates environmental problems. Trade is instead a prerequisite for the efficient use of resources, in other words, something that solves environmental problems. I therefore wonder how you could envisage combating the environmental problems using methods that provide more free trade instead of less free trade.

In the aftermath of the Copenhagen conference on climate change, many people want new restrictions on trade, despite the fact that it is more likely to jeopardise the fight against poverty and our effective use of resources, which would otherwise be something that could solve environmental problems.

Do you have any ideas for how we can combat the environmental problems but, at the same time, have more free trade rather than less? I would be very interested to hear what you think.

2-112

**Karel De Gucht, Commissioner-designate.** – One of the approaches we could have is to try to get to an agreement on real free trade in environmental goods and that we would abolish tariffs on that. We have made a proposal. Obviously, it will not be possible at WTO level at this moment in time, but we will try to find a coalition of countries – not only developed countries but also developing countries – who could come into such a scheme, although there are difficulties.

Brazil, for example, wants bioethanol to be included in the list, and that is something we should discuss much more thoroughly because there are different types of bioethanol. Are they sustainable, are they not sustainable, and so on. I believe that abolishing tariffs with respect to environmental goods and with respect to environmentally friendly practices and techniques would be very important, but we have to translate that into goods because of the WTO rules of course.

2-113

**Christofer Fjellner (PPE).** – (SV) Thank you for your response. I was just about to mention the possibility of introducing an agreement – an environmental trade agreement – like we have for information technology. I am therefore pleased that you are thinking along the same lines.

There is currently a great deal of environmental legislation being passed throughout the world that risks creating new non-tariff barriers to trade. I think that we could try to use the experiences we have gained in Europe for combating this type of non-tariff barrier to trade. It would be interesting and exciting to hear your view on this. In Europe, we have chosen Solvit, for example, as a solution for removing unnecessary, undesirable barriers to trade within the Union.

Do you think that it might be a good idea to try to do something similar, not only in the free trade agreements that we have with other countries, but also at a multilateral level, to ensure that environmental regulations do not create new, unnecessary barriers to trade, thus making them less effective?

2-114

**Karel De Gucht, Commissioner-designate.** – When you want to establish a market, you start by abolishing tariffs. That is also what we have done in Europe. You see that, once tariffs disappear, non-tariff barriers have a tendency to become more prominent and more sophisticated. That is what we have witnessed in Europe. We needed a decade to do away with them and we will probably need more time at the level of the World Trade Organisation and worldwide. But we have to address them.

You are perfectly right that when legislation is passed, it may not only have adverse effects, but sometimes also be designed to create those effects, and it would not surprise me to see environmental legislation too that, in the end, is largely protectionist. But that is not new. You get that with all kinds of legislation and there is no reason why it would not happen with environmental legislation.

2-115

**Bernd Lange (S&D).** – (DE) Chair, Mr De Gucht, I believe we are in agreement that trade policy must not jeopardise the EU's *acquis communautaire*, in other words, either the social model or the degree of freedom. For example, a few months ago, we adopted a means of protection for Internet users in the Telecoms Package in order to protect them from exclusion and restrictions. That involved a fierce debate. I now hear that this *acquis communautaire* in particular is being called into question once more in the ACTA negotiations with the United States. Thus, my question is: can you guarantee that the ACTA negotiations will not jeopardise the *acquis communautaire* of the Telecoms Package and that they will protect Internet access? In view of the Treaty of Lisbon, is there more transparency in the negotiations?

2-116

**Karel De Gucht**, *Commissioner-designate*. – With respect to transparency, I think I have already answered in one of the first questions what I am prepared to do, and I will obviously also do that with respect to ACTA.

I will abide by the Telecoms Package in relation to ACTA; ACTA should not be designed to be something of a key to close the Internet. That will not be our approach. I believe that what we should address in ACTA is the trade in counterfeit goods; and not to target somebody, for example, who brings a T-shirt which is counterfeit home with him – that is not what it is about either. What we are addressing here is organised counterfeiting, in most cases, by organised criminals.

That is what we are addressing in ACTA and the idea is certainly not to limit the freedom of expression through the Internet.

2-117

**Bernd Lange (S&D)**. – (*DE*) The second area is, of course, our social coexistence, our cohesion. If we maintain trade relations with countries that have different rules, where wage dumping occurs or where strikes are prohibited, as in South Korea, we will, of course, be at a competitive disadvantage and it will place pressure on our social system. There is already clear evidence of this in the automotive industry. What specific measures will you take to maintain basic working standards and to protect our social system?

2-118

**Karel De Gucht**, *Commissioner-designate*. – I am really sorry that I have only a minute to answer that question, but I believe that we will need trade, and more trade, to preserve our social system of protection in Europe because for that, we need growth.

It is obvious that this growth will not come automatically after the economic crisis that we are going through now. We need trade and I think that you agree with that. What shall we do? Well, we have the trade defence instruments; I will use them. When necessary and where conditions on the basis of a further analysis are fulfilled, we will use them without inhibition. I have no problem about saying that. In the free trade agreement with Korea, for example, which you just mentioned, there are provisions with respect to labour rights, explicit references to the ILO Treaties, and we will monitor very closely whether they are respected and whether there is progress in respect to that, not only with Korea, but, for example, with China. In the agreement we are negotiating with China – which is a cooperation agreement so I am not in the lead on that – one of the chapters we have a basic agreement upon is about economic and social rights, and we will watch closely to see they are respected.

2-119

**Georgios Papastamkos (PPE)**. – The European Union is one of the most open markets. However, the same does not apply to many of our trading partners who maintain high tariff and non-tariff barriers. Moreover, as far as imports to the EU market are concerned, there are

often practices of economic, social and environmental dumping and compliance with less stringent production standards. These not only constitute a competitive disadvantage for European producers, but may also pose a risk for EU consumers. Which do you identify as the *sine qua non* parameters from the EU side for an ambitious, comprehensive and balanced outcome of the DDA negotiations?

2-120

**Karel De Gucht**, *Commissioner-designate*. – This is a somewhat complex question I would say, but, as regards the Doha Round, I think we should go to the origin of this round. It is a development round, so we have to make sure that the outcome serves the purposes of the developing countries and makes it possible for them to become an integral part of the world economy.

I think that this is essential and the European Union is, in a very decisive way, taking this stance in the negotiations. By the way, there is not only a problem North-South, there is also a problem South-South, and there is the whole differentiation between different categories of developing countries. So we are not the only ones that could possibly be blamed in this respect and I think that on the contrary, we tried to be very helpful and we will continue to do so.

What I would also like to say is that you always need a balance between imposing on developing countries criteria which are, in fact, more normal within the European Union and giving them a fair chance to become economically active. That is also the approach that you are immediately faced with when you put the different kinds of categories of norms on the table that you just mentioned.

So this is an agreement that has to be found. I personally think that we should press them to go in that direction, but we also need to take into account that the degree of development is quite different between themselves and us.

2-121

**Georgios Papastamkos (PPE)**. – The outgoing Commission set out the Global Europe and Market Access strategies. What will your action plan be for ameliorating the current environment for free and fair multilateral trade?

2-122

**Karel De Gucht**, *Commissioner-designate*. – Let me say something about market access, which is a very important part of our activities.

This is defensive, but you have to use offensive actions. It is fair to say that we have been achieving some successes recently with regard to market access – for example, with Egypt as regards mobile telephones, and so on. It is an integral part of our strategy, which involves combating, within legal frameworks, regulatory problems and problems with non-tariff barriers. It is an integral part of trade and should remain so. It is one of the successes of Global Europe.

2-123

**Véronique De Keyser (S&D).** – (FR) Commissioner, on the issue of speaking plainly, you have become a dangerous recidivist. You know that you were interrogated at the previous hearing on your legendary plain speaking, moreover, you defended yourself very well on that matter, and then there was the new incident with the Democratic Republic of Congo, which came as no surprise to us. Furthermore, as it is generally a case of promoting the ideas of good governance, social justice and human rights, you know that we are with you.

However, the question that I asked you is still on my mind. I mean that it is all very well to drop a bombshell, but you have to make sure that it has an effect and that the damage can be controlled. You said that you were going to deal with the matter. Do you believe that you have full control of the damage, particularly for the Democratic Republic of Congo, knowing that it will happen again in the future, because that forms part of your strategy?

2-124

**Karel De Gucht, Commissioner-designate.** – (FR) Mrs De Keyser, I am not going to enter into a Belgian-to-Belgian discussion on this issue. However, allow me to say to you that the speech that I gave to Parliament on 16 December was – if I remember rightly – unanimously applauded, including by your political group too.

I might conclude then by saying to you that I do not consider myself a recidivist but that I do try to be consistent.

2-125

**Véronique De Keyser (S&D).** – (FR) Of course, you will certainly prove consistent. However, I think that it was more like a compliment, whilst at the same time saying: ‘be careful, there are effects’. Therefore, in terms of consistency, you explained at length how you were going to handle the case of Colombia. I would say that, if there were ever a place for the application of good governance, human rights, etc., then this is it and, here too, we would really like you to show proof of consistency and be concerned about the facts.

2-126

**Karel De Gucht, Commissioner-designate.** – (FR) This is not really a question, but I think I have explained my view on this problem, which is not limited to Colombia. I think that this is a problem that arises in quite a few agreements that have to be negotiated. Furthermore, the situation always presents itself differently and that is why consistency is important.

2-127

**Cristiana Muscardini (PPE).** – (IT) Commissioner-designate, you are a highly expert and knowledgeable man. Nevertheless, in your response to Mrs Saïfi and other fellow Members concerning the issue of dumping, you spoke a great deal about the Doha Round – which, as we know, should have been concluded but has failed to be concluded for several years now – and you also spoke at length in your written answers about the World Trade Organisation.

However, while you have said here – and also in writing – that you have great faith in the relationship between Commissioner and MEPs, nowhere in your written answers have you mentioned the proposals on the WTO put forward and adopted by the European Parliament during its last plenary session.

Furthermore, with regard to origin marking, earlier you said that there is a dispute because the Council does not agree – let us be frank, part of the Council, not the whole Council – but then when you mentioned October, you did not specify what commitments you intend to make, that is, you did not talk about Commissioner Ashton’s October programme.

2-128

**Karel De Gucht, Commissioner-designate.** – I know that Italy is one of the countries where this is debated. That is understandable, but you should also understand that we can only have such a regulation provided that we come to an agreement between Council and Parliament, because it is part of codecision.

Catherine Ashton has made some proposals which try to do away with the stumbling blocks. I will continue to do so. I believe it would be a good idea to have such a ‘made in’ regulation, so I will work towards that. I think it is true that the Council does not agree – there is a split in the Council. You need a majority of the Council and it is not obvious that this exists at the present time. However, I will try to make progress in that respect.

I think it would probably be better if you asked me that question again in a couple of months when I have some experience of what is possible and not possible on this specific topic.

2-129

**Cristiana Muscardini (PPE).** – (IT) We welcome your goodwill, but a couple of months is too long for us. We would like this investigation to be carried out quickly to allow Parliament, in conjunction with the Commission, to determine how to approach the Council on this. Otherwise, codecision will remain on paper and the shared good intentions of the Commission and the European Parliament will remain a form of fair play which does not translate into tangible action.

Taking advantage of your openness to the ‘made in’ indication and this proposal for a regulation, I would like to ask you whether you also intend to look at ways of harmonising the customs systems of European countries, in view of problems relating to counterfeiting, the entry of illegal goods and a whole raft of other problems of which we are well aware.

I think that we could address this with a joint programme. One of the issues we could address, namely Internet sales of medicinal products, is highly dangerous and constitutes illegal trade.

2-130

**Karel De Gucht**, *Commissioner-designate*. – With respect to Regulation No 1383/2003 concerning customs, we will revisit that regulation because it could be that in the Dutch cases, where things were really about generic medicines, this regulation was not applied in a natural way. Maybe we should fine-tune that regulation, not least to guarantee that medicines and generic medicines can be freely exported and not hindered.

With respect to the ‘made in’ regulation, we are talking about codecision. Codecision is not simply words; it is a procedure with deadlines, with possible initiatives by the participating bodies – the Council and the Parliament – and with the Conciliation Committee, where a result may or may not be achieved. I will try to facilitate that but in essence, under the codecision procedure, it is up to Parliament and the Council to come to an agreement.

2-131

**Caroline Lucas (Verts/ALE)**. – Apologies for the second question from me, it is just that a colleague was unable to be present.

I wanted to go back to the question of Bernd Lange on ACTA, the anti-counterfeiting trade agreement, and, in particular, to focus on the issue of transparency again because Parliament has largely been kept away from these discussions. We have never seen any of the drafts of the ACTA chapters, for example, and DG Trade argues that the participants agreed beforehand on confidentiality. However, we understand that that is on the basis of a request put forward by the US because they are working under the premise of the fast-track rules under which the US Administration has to act on this matter.

In the EU of course, we have very different procedural legal frameworks, and under the Lisbon Treaty, Parliament must be consulted and will have to agree on ACTA. As Commissioner for Trade, what will you do to inform Parliament on the same terms as the Council about the ACTA negotiations so that there is a timely opportunity for us to express our views and to take our recommendations into account? At what stage of the negotiations do you plan to transmit the draft texts of the chapters to Parliament and are you willing to challenge the understanding on confidentiality and inform the ACTA participants on the basis of the requirements set by the Lisbon Treaty?

2-132

**Karel De Gucht**, *Commissioner-designate*. – If there is a confidentiality agreement between the participating parties I will respect it – and I think I have to respect it – but it does not mean that we cannot have a thorough discussion on what ACTA is about, what the guidelines for the European Union should be. You may start from the assumption that in my answers, I will fully take into account what is on paper, but if you engage in a negotiation on certain terms, you cannot change those terms in the course of the negotiation. I will be obliged to respect them, and I will do so. But I will also make sure that you are duly informed and can express your views, and I will take those views duly into account.

2-133

**Caroline Lucas (Verts/ALE)**. – I wonder then whether it was right to have accepted those terms of confidentiality? I appreciate it was not you, but should the Commission have accepted conditions of confidentiality given that, under our own legal framework, it is clear that for Parliament to be able to have a full role in the debate and the discussion about this, we need to have access to full information?

So my first question is: should that confidentiality have been agreed to and secondly, how do you propose to involve us, for example, with the FTA on Canada, which is coming up very soon? It has got IP chapters as well. Maybe you have got an opportunity with Canada to try to agree different terms so that it is not held on a basis of confidentiality?

2-134

**Karel De Gucht**, *Commissioner-designate*. – You probably know that your new competences with respect to trade are brand new. It is only on the basis of the Lisbon Treaty that you have the right of codecision and that you have the right of consent on treaties. It means, I think, that this confidentiality clause was conceived under the previous regime which was, of course, completely different.

Now we will have to judge whether we can engage in confidentiality agreements or not. I imagine that you will put questions on that as well, but you should also realise that sometimes, negotiations are only possible provided that you respect certain confidentiality agreements.

That is a balancing exercise that we will have to make together with respect to Canada. We are in the new regime and I will make sure that you are duly involved, bearing in mind that we are nevertheless still talking about a bilateral agreement, which means that this is different from a multilateral agreement.

2-135

**Jan Zahradil (ECR)**. – (CS) The pressure on upholding human rights and a functioning state administration in the developing countries we trade with is surely correct. However, this also works the other way round. We have here the example of Sri Lanka, where the European Commission proposed a temporary freezing of the GSP+ system, although the human rights situation in the fight against terrorism and the like has improved strikingly in Sri Lanka. I would therefore like to ask if you are considering proposals for cancelling or reconsidering this temporary suspension in the light of the positive changes that have taken place in Sri Lanka.

2-136

**Karel De Gucht**, *Commissioner-designate*. – The Commission conducted a thorough analysis of what has been happening and came to the conclusion that three ILO treaties are not being respected. It proposed that the Council take measures with respect to GSP+, and that proposal is now on the table at the Council. They have six months, and within that period we will continue to discuss with Sri Lanka changes with respect to these ILO treaties.

That is what we will do, and we hope that we can take advantage of that period of six months to arrive at solutions that will not make it necessary to take measures with respect to GSP+. However, we are of the opinion that, at the moment, there are serious reasons to take those measures. It is up to Sri Lanka to get to a better situation in the period of six months that it has been allotted.

2-137

**Jan Zahradil (ECR).** – (CS) As has already been mentioned here, you correctly emphasised the need to uphold human rights and a functioning state administration in another case, which is the case of the Congo, a country ravaged by a long-running war. It is not unique as there are many such countries in the world, and in sub-Saharan Africa, there are many such countries that the EU trades with. Do you think that there are other instruments we could use in order to help these countries to achieve a functioning state administration and an improved standard of human rights and some kind of system of revitalised economic partnership or something similar? Do you have plans for anything like this?

2-138

**Karel De Gucht, Commissioner-designate.** – We are currently negotiating the Economic Partnership Agreements. I said earlier on in this hearing that I believe they should be very much development-centred, but I also believe that trade should play a very important part in their being development-centred. I believe that we have a lot of work to do with respect to aid for trade.

To a very large extent, trade between Africa and the European Union is not a matter of tariffs because, for the least developed countries, there are no tariffs. It is about Everything But Arms. It is also about the physical opportunities to export. It is about logistics. It is about the legal framework. That is why we have focused a lot as a European Union – and also in the WTO – on trade facilitation and on aid for trade. This is a very important tool that we should use even more in the future.

2-139

**Miloslav Ransdorf (GUE/NGL).** – Commissioner, you and your colleagues are our captain in the storm. We are living in stormy times of economic crisis and this year, unemployment will reach more than 57 million. It is an enormous problem. The best way to fight unemployment is to introduce innovations because some 75% of all GDP growth in developed countries is connected with science and research and innovations. What can you do, as Commissioner, to improve the way in which innovations are put into practice?

2-140

**Karel De Gucht, Commissioner-designate.** – I think the Commission can do something or try to do something about that. I think this is one of the major deficiencies of Europe. Look at the micro-electronics revolution – all the imported inventions are European, but the industrial production is largely outside of Europe.

I think we should take care, for example, with respect to the green economy, that the same does not happen and that we have the inventions, that we have the technology and that we also put this into products that can be marketed. But how do you do that? What should be done within the European Union? I have some ideas, but I think you should put that question to other colleagues.

2-141

**Miloslav Ransdorf (GUE/NGL).** – It is not 100% too because the products are marketed and the international market is your field as Commissioner-elect. I hope that we can hope for new branches of production and new forms of production. There are some branches where we are leaders, like eco-technologies, nanotechnologies and nanosciences. These products can be marketed, also with the help of the Commission.

2-142

**Karel De Gucht, Commissioner-designate.** – You are talking about the general framework of trade, and we attach a lot of importance in our negotiations to those products, also to NAMA and to services, and try to get to an ambitious agreement on that.

I already mentioned that we are also for abolishing tariffs with respect to environmental goods and trying to come to an agreement in that respect on selling those products. What is very important first of all is that I think we still have some deficiencies in translating innovations into actual products, because you can only sell what you have and what you have produced. That is a very interesting discussion, but I do not think I should really engage in what exactly should be done with respect to that.

2-143

**William (The Earl of) Dartmouth (EFD).** – I am speaking a second time because a colleague was unable to be present.

Sir, if I may say so, you are an impressive man and this has been a very impressive presentation. As this is the 37th question, there is not that much left to say. However, in your answer 4.3, you say ‘trade must be put at the service of the broader policy goals’. As David Martin said earlier on, this is the one moment when you are able to speak personally and we are able to question you personally. I would like therefore to ask you what you personally perceive as being the ‘European values’ to which you refer later on in the same paragraph, and what do you personally mean by ‘human rights’? One of the things I have learnt here is that ‘human rights’ means different things to different people.

2-144

**Karel De Gucht, Commissioner-designate.** – My personal belief is that the model of society we have in Europe is to be preserved. I think it is invaluable that we have the combination of a free economy with large social protection, extensive respect for human rights, which are also justiciable at the level of Europe, being aware that we have to do something about climate change and being the leaders in that respect – leaders that could not be followed by the others in Copenhagen

– but it is not we who are to blame but the ones who did not follow in this respect.

I believe that we have a mission with respect to development and we are far and away the leaders in development for ODA. This should also be addressed horizontally in all the policies that we deploy. So, yes, I think that our society is a values-based society and I am proud to be part of that.

2-145

**William (The Earl of) Dartmouth (EFD).** – Your note seems to imply that you think that trade policy should be used as an instrument to export European values to other societies. That is, at least, how I read it. Would you perhaps care to clarify that?

I would further add that the politicisation of trade policy was a hallmark of your predecessor. To take a parochial point, I would like to ask a question on behalf of the UK. Because we are members of the European Union, we are represented by the Trade Commissioner, which is bad enough, but we also have to put up with the politicised trade policy as well. So, is this politicisation going to continue? Are you going to use trade policy to export European values, or your definition of European values – which, actually, I happen to rather agree with – to other countries? Would you perhaps clarify that?

2-146

**Karel De Gucht, Commissioner-designate.** – I do not see why I would not be convinced of values that are underpinning our European society and being inspired by them when you conduct trade negotiations. It does not exclude the fact that trade in itself is a value, and not only a value but also a necessity. We need trade. Trade is not always a favour. It is only a favour when you give favourable conditions to trading partners. I do not see the contradiction in this respect and, with due respect, I am not going to reflect on my predecessor, apart from saying that I think he did a very good job.

2-147

**Chair.** – We are coming to the end of our question time. I will give the floor to Michael Theurer from the ALDE Group. May I take an unofficial break just to congratulate him on his birthday. I think he will recall this birthday after participating in this hearing.

2-148

**Michael Theurer (ALDE).** – (DE) Commissioner-designate, in light of the newly created free trade area between ASEAN and China, the question arises as to whether we should not take a different approach with regard to Singapore, for example, whether we should negotiate with ASEAN-6.

My second question relates to raw materials security. You mentioned raw materials. They are vital for European industry in terms of competition, innovation and technology. When we think of raw materials, the first things that come to mind are oil and gas. However, there are other very different raw materials, rare earth ores for example, as well as lithium and electromobility. This is a crucial factor and it is also relevant to trade

policy. My question is, therefore, how important to you personally, as the future Commissioner for Trade, is the question of a secure supply of raw materials? Do you consider it to be a possible area for action – in cooperation with other areas of responsibility of course – to develop a strategy for raw materials security for industry in Europe?

2-149

**Karel De Gucht, Commissioner-designate.** – Concerning Singapore, we have come to the conclusion that at this moment in time, it is not possible to have a free trade agreement with ASEAN as a whole. That is why we decided to go for the bilateral approach, but within the political framework that remains region-to-region. Let us say that the situations are different from one country to another.

The question on raw materials is very important, in fact. With China alone, we are talking about 4.5 billion on a yearly basis, and we see that they have export quotas as they have export duties; they have minimum export prices and also procedurally, they are making full use of their inventiveness. So this is certainly a problem we have to address, and it should also be addressed in the high-level economic dialogue with China. That is something of crucial importance for European industry and also for the security of getting those deals at the right price and not being confronted with distorted practices.

2-150

**Michael Theurer (ALDE).** – (DE) From your answer, I gather that you consider this matter to be important. Could you tell us where the responsibility for this will lie within the Commission and are you also prepared to debate this matter here with us in the Committee on International Trade? I would also just like to say that I am very impressed by the competent answers you have given so far.

2-151

**Karel De Gucht, Commissioner-designate.** – I do not see the discussion as being within the Commission. I look upon this as being trade matters which we have to discuss. But we also, of course, have a political content, so I imagine that when we come to an EU-China Summit, this will also be discussed, because it is difficult not to argue from the European side that it is not a deliberate policy.

I am not saying that it is a deliberate policy with political goals, but it is a deliberate policy with economic goals. For example, when you have to pay a higher price for raw materials than, say, the market prices in the country of origin, this is a trade distortion, so I think it is about trade distortions. I do not believe it is about a deliberate political strategy.

2-152

**Chair.** – That is the end of this question time. It has been a very demanding exercise for our Commissioner-designate, who is now entitled to make a final declaration to the committee and to Parliament.

As the committee chair, I am not supposed to put any questions to you myself, but I would like you to address, if possible, a topic that I think should be addressed at this hearing, which is to what extent and in what manner you think that this committee and Parliament could be associated in defining the negotiating mandate of the Commission in future trade negotiations. You are free, of course, to make your final statement.

2-153

**Karel De Gucht**, *Commissioner-designate*. – First of all I would like to thank you, Chair, and all the colleagues for this hearing and the open discussion we have had – and also the openness of mind on both sides.

Let me first address your question. The mandate is decided by the Council. That is in the Lisbon Treaty. I cannot change anything about it. That is what it is. But I truly acknowledge that you have a major role to play in the definition of that mandate and I will make sure that you are duly consulted on this. I will make clear before your committee what I see as the aims of the mandate – its political environment, its economic environment and the impact studies that we have been carrying out. I will make sure that you have time to vote in the explicit resolution on that. I will duly take this into account in my negotiations with the Council. So I will do everything possible to make you an equal partner in defining the mandate and, not only defining it, but also following it up during the negotiations, but with due respect to what is in the Lisbon Treaty. The Lisbon Treaty can only work if we respect what is in it.

My final remarks – I do not have that much to add. I have been going through all these sometimes very difficult topics in the last weeks, studying – and it is not easy when you are 55, I must say – but also discussing a lot with the services what the actual problems are, what we are facing, what our position is and how we can make sure that we deliver.

What I will do in the years to come – provided that I am confirmed – is make sure that we deliver. I am supposed to deliver on trade, but with due respect for what I have already mentioned as being the key objectives of our European society – respect for human rights, environmental protection, what to do about climate change, labour rights, and also growth. I think it is very important for the rest of the world that there is a sustainable growth pattern in the developing countries. It is also very important that we have this in Europe. If you really want our social system to be sustainable, we will need growth. I do not think the discussion is really about growth but how we do this in a sustainable way.

*(Applause)*

2-154

**Chair**. – My thanks to all of you, dear colleagues and Mr De Gucht. This was a wonderful exercise in European democracy. It was a frank and open discussion. Now it is time for us to assess and evaluate the answers we have to the many questions we have put to Mr De Gucht.

That evaluation will take place immediately after lunch, and you will have the outcome this afternoon. Thank you very much again.

*(The hearing closed at 12.15)*

