



EUROPEAN COMMISSION

[CHECK AGAINST DELIVERY]

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EU trade policy under this Commission's term

European Parliament, Committee on International Trade (INTA)

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Thank you Mr. Chairman,

Honourable Members,

I welcome the opportunity today to look back at our joint work in developing EU trade policy as never done before. More than ever, trade is a key policy instrument for sustaining the EU's economic growth. Trade has been a key driver of the recovery of the European economy since the crisis, with net exports contributing between half and one percent to EU GDP growth figures every year since 2010.

When I came to this Committee in 2010, I shared with you my vision of free trade. Not a simplistic belief in free trade or open markets as goals in themselves. But free trade as a tool to generate prosperity, stability and long-term development. If we look at what we have achieved, I believe that we have delivered on this vision and on our commitments.

I am proud to be the first trade Commissioner in a Post-Lisbon Treaty context, where our excellent cooperation with Parliament has contributed positively to the conduct, legitimacy and accountability of the EU's trade policy.

Let me provide a broad overview of the main developments and achievements of EU trade policy since 2010.

First, we have opened unprecedented new trade opportunities. Today we have more than 15 active bilateral negotiations underway. 9 of these have been launched on my watch including with the US, Japan Malaysia, Vietnam and Thailand. These negotiations are of a new type covering areas that bring additional value to the European economy – for example, services, public procurement, a greater promotion of the recognition of EU standards. In addition, investment is now an integral part of our free trade agreement (FTA) negotiations. We have also launched investment-only negotiations with China and Myanmar. If all EU trade agreements currently in the works are put into practice, they will cover 70% of our exports and just over 60% of our imports. We estimate that this would lead to GDP gains of about 2 % - or more than €250 billion, which is equivalent to the size of the Austrian or Danish economy – and the creation of more than 2 million jobs across the EU.

We have also concluded negotiations with 10 countries since 2009, starting with the South Korea FTA in 2011. We see today the benefits of this agreement with a more than 20% increase in our exports during both the first and second year of implementation. In 2012, we signed both with Colombia and Peru, and with Central America. We finalised Deep and Comprehensive Free Trade Agreements (DCFTA) with Georgia and Moldova, and we reached a political deal with Canada at the end of last year. We have also made substantive progress with Economic Partnership Agreements (EPA), including a compromise with West Africa and we are busy finalising talks with East Africa and

Southern Africa. We have initialled our DCFTA with Ukraine, which is ready to be signed. I wish to thank the INTA Committee for responding to the political need to accelerate the advance application of the trade part of the deal by way of time-bound autonomous measures. I look forward to tomorrow's vote.

On a multilateral level, our long efforts to revitalise the World Trade Organization (WTO) process have been fruitful with the signature of the Bali package in December 2013. Once implemented, the Bali Trade Facilitation Agreement will provide significant benefits to economic operators around the world, in particular developing countries, by reducing their costs of doing trade by some 15%.

All these negotiations mean that the new Parliament will have to deal with a fair amount of consent procedures, as well as a number of legislative files. Some of these procedures, such as the Procurement instrument or the Trade Defence Instruments (TDI) modernisation, were already quite advanced during this term, and I sincerely hope that the new Parliament will be in a position to take them up where they stand now so that we can conclude co-decision as soon as possible.

Second, we have adopted measures to make global trade fairer for poor countries. First, we reviewed the Generalised System of Preferences (GSP) to reflect the state of the world economy today. Twenty years ago, the gap between rich and poor countries was phenomenal. Today, scores of developing countries are more prosperous and active trade players on global markets. We therefore wished to increase the value of unilateral EU tariff preferences by offering them to those countries that need them most. The new system is being applied since the beginning of the year. Former GSP partners may now find a bilateral free trade agreement with the EU a more attractive prospect. Also, the GSP review also enhanced the monitoring of the sub-scheme GSP+, our flagship trade-for-human-rights instrument. We were pleased to receive new applications for GSP+ by the end of last year, including the first GSP+ beneficiary in Africa – Cape Verde.

We have also demonstrated creativity in encouraging more sustainable value chain management. A year ago, a terrible industrial tragedy occurred in Bangladesh costing the lives of thousands of textile workers. Under GSP, we are obliged to take appropriate action if a beneficiary is found by International Labour Organization (ILO) to be seriously and systematically violating a number of key labour conventions. With the situation in Bangladesh being so visibly troubled last year, we entered into a Sustainability Compact with the government at the time, trade unions and industry associations as well as the ILO to deepen efforts to improve labour, health and safety conditions for workers. Separate international industry-led coalitions are helping to keep the agenda active and we are seeing increased inspections of factories and changes in labour laws. This active cooperation will continue to secure further improvements.

In addition, our recent proposal on conflict minerals is an example of how to promote responsible sourcing from conflict-affected areas. We shall work primarily with EU importers, promoting an Organisation for Economic Cooperation and Development (OECD) due diligence guidance system and offering incentives and exerting appropriate pressure for the whole EU supply chain to be drawn into these efforts. The approach is carefully thought out. Excessive coercion only promotes more conflict and also exacerbates some of its underlying causes: unemployment, corruption, smuggling, market distortions.

Thirdly, we have continued to stand up strongly for Europe's economic interests.

We are making good progress in removing trade irritants for our European industry when operating in China and ensuring that competition is fair. Almost 50% of the trade defence cases we have initiated between 2010 and 2013 concerned exports from China.

Of course, China itself has also intensified its use of the instruments against the EU and about a third of Chinese cases have been directed against EU.

These cases, but also the constructive solutions found, have brought concrete results for our industry. No later than last Friday, we reached an agreement with China which will lead to the termination of the Chinese investigations into European wine exports so that the EU wine industry can continue to export its quality products to China in a fair and competitive environment. The same goes for the polysilicon where China has accepted a solution similar to the one that we have found in solar panels cases. Outside China, we solved bilaterally in 2013 Peru's anti-subsidy investigation on olive oil and Australia's safeguard investigations concerning some processed agricultural products. In 2012 we also solved Brazil's safeguard investigation concerning wines. This list is far from being exhaustive. All these cases have been important for EU industry.

Whenever needed, we have also defended EU interests through WTO dispute settlement cases like for instance our successful case against export restrictions on raw materials by China or against feed-in tariffs for electricity in Canada, or input restrictions in Argentina.

In this context, it is also important to highlight our proposal for the modernisation of our Trade Defence Instruments. I would to thank the Parliament for the expeditious and diligent work carried out on this file. I look forward to the Council giving a mandate to the Presidency so that this file concluded. Once adopted, this Regulation will result in increased transparency, predictability and effectiveness of the EU's TDI toolkit. In any event, we will soon be issuing guidelines on how we interpret in practice the provisions of the proposal.

Last but not least, let me draw some preliminary conclusions on our collaboration – between the Parliament and the Commission – in the past 4 years.

I had committed in 2010 to increase the flow of information between our two institutions and to work with you in close cooperation to implement the Lisbon Treaty's provisions. I will quote a couple of figures which I think speak for themselves:

Since 2009, we have shared, through INTA, more than 2500 trade policy documents with the European Parliament.

Beyond this, and in order to improve the flow of information, we have set up more than 70 technical briefing meetings during this legislature, on issues as diverse as trade in services, investment, intellectual property, or WTO negotiations on trade facilitation.

I have replied on behalf of the Commission to more than 1000 written parliamentary questions related to trade policy and almost 200 Parliamentary letters.

In spite of numerous overseas missions, I regularly attended meetings of the INTA committee as well as specific INTA Workshops – amounting to some 20 appearances in this Committee. In addition, I participated in over 50 trade-related debates in Plenary. Not to mention that in addition to this, the Directorate-General TRADE has participated at high level in more than 60 meetings of the monitoring groups set up in 2011. And there have been countless contacts at all levels to get our respective institutions to understand each other's proposals and to play our respective roles in a way that leads to policy outcomes.

But most importantly, the work with you has been rewarding. For example, more than 20 trade agreements were submitted to Parliament's consent during this term and we got your consent on practically all, with very comfortable majorities.

Overall, I believe that our working relationship is characterised by a high level of cooperation and trust on both sides. We have found pragmatic and practical solutions to

the day-to-day management of our relations. And this has also ensured an increased accountability of EU trade policy towards its citizens.

So I would like to raise an invisible glass to four years of very intense cooperation. Unfortunately, after this meeting I have to attend the EU-Africa Business Forum, otherwise it would have been a pleasure to stay on for the real drink. For those of you contesting elections, good luck. For those of you moving on to other pastures, don't forget us and thank you for your contribution.