

COMMITTEE ON INTERNATIONAL TRADE

INVITED COMMITTEES:
COMMITTEE ON FOREIGN AFFAIRS
COMMITTEE ON DEVELOPMENT
COMMITTEE ON ECONOMIC AND MONETARY AFFAIRS
COMMITTEE ON BUDGETS

HEARING OF VALDIS DOMBROVSKIS
EXECUTIVE VICE-PRESIDENT OF THE EUROPEAN COMMISSION AND
COMMISSIONER-DESIGNATE
(Trade)

FRIDAY, 2 OCTOBER 2020
BRUSSELS

1-002-0000

IN THE CHAIR: BERND LANGE
Chair of the Committee on International Trade

(The hearing opened at 13.01)

1-003-0000

Chair. – Ladies and gentlemen, please take your seats so that we can start on time. As everybody knows, we have a strict time schedule for today.

First of all, I would like to welcome Mr Valdis Dombrovskis, the Executive Vice-President of the European Commission and Commissioner-designate for trade. Welcome, Valdis.

Given that Mr Dombrovskis is already a Member of the Commission, I would like to recall the purpose of the hearing. It's focused on trade issues, not on other responsibilities or further engagements. Earlier this week, we received the written answers to our questions from Mr Dombrovskis. His answers have been distributed to the Members and also published on the website of the Parliament.

I would like to underline that we got in these written answers a clear commitment by Mr Dombrovskis that he will not request any provisional application of any trade agreement before the European Parliament has given consent. It's a clear commitment for stabilising the democratic right of this democratic body of the European Parliament.

I would also inform you that the Committee on Legal Affairs has raised no objection to holding this hearing, so the Committee on Legal Affairs has no objection to getting Mr Dombrovskis as Commissioner responsible for trade.

First of all, I would like to give a short introduction on the structure of this hearing. It's more or less clear, because it's foreseen in our Rules of Procedure, and we have to make clear that we will guarantee an equal and fair opportunity for Mr Dombrovskis to present himself and his opinions.

Mr Dombrovskis will get about 15 minutes to make an opening statement and, after his introduction, we will have 25 questions from Members. In the first block, we have the questions from the seven political groups, from the coordinators of the political groups, and, in the second round, we will have 18 further questions by the members of the Committee on International Trade (INTA) and perhaps also from associated committees.

Each question has a five minute slot – one minute for asking the question, two minutes for Mr Dombrovskis to answer the question, and then, if needed, there is a possibility for the same Member to ask a follow-up question, of course also for a maximum of one minute. Mr Dombrovskis has the chance to answer the follow-up question, also within the time of one minute.

I also want to make it quite clear that these really are follow-up questions. This should not be a new item raised by the Members, and of course I have the right – and I reserve the right – to disallow any follow-up questions if they are not follow-up questions. Please, colleagues, use the follow-up question to get a precise answer. If the answer in the first round is more general, use the chance to get precise timing, a precise timeline or whatever so that we get more clarity in the answers. After the 25 questions, we will give Mr Dombrovskis the chance to sum up in about five minutes.

The hearing is limited to three hours, and I will strongly enforce the speaking time limits. Martti Kalaus is here sitting next to me. He is the 'master of disaster' and he will switch off the microphone if the time is over. We have interpretation today provided into 23 languages. Therefore, all speakers can use their own language. I would like to remind all speakers that you should speak clearly and not too quickly so that your statement can be interpreted. As we are, of course, a democratic body, this hearing will be webstreamed live on the Parliament's website and afterwards it will also be possible to access a video recording of the hearing on the same site.

Welcome to all the visitors worldwide. I'm sure that there's a lot of interest in this hearing, when indeed trade policy is faced with a lot of challenges. Even before the corona pandemic, but specifically during the corona pandemic, there are a lot of countries and a lot of politicians who are opening, or trying to open, the Pandora's box of protectionism and I'm totally sure that this is the wrong way. In this globalised world, we should stick to the rules-based trading system, but of course we also have to improve this rules-based system.

I would just mention three items: the supply chain, enforcement and greening. The corona crisis makes it quite clear that value chains put in place by companies worldwide are fragile, unsustainable and not robust in this crisis situation. We have to reflect how to look at the supply chains, and make them more resilient and more stable in the interest of the producer and the consumer. I think, as Shakespeare phrased it, that it is better that we are three hours too soon than a minute too late – so let's also go ahead with the due diligence requirements for supply chains so that we can say at the end of this legislative term that the supply chains are really robust and fair. The fair trade movement is also an important element in trade policy and the committee has always supported the fair trade movement and the promotion of fair trade.

On the second item, enforcement, I'm totally sure that we should look to our trade agreements and make sure that the obligations and the commitments in our trade agreements are not only on paper, but really come into practical life. This is of course one of the duties in the coming time to guarantee in the trade and sustainability chapters, but also in the other chapters, that we can really rely on a proper enforcement situation. But, of course, enforcement is also important in other areas. We are affected by unfair trading practices from trading partners, so I am really keen to hear if there is a new instrument for enforcement and to defend our vital interests in Mr Dombrovskis' pocket.

Specifically regarding our friends across the Atlantic, the Airbus-Boeing case harmed a lot of small and medium-sized enterprises and we have to give an answer to that, specifically the possibility now to counter unfair subsidies given to Boeing should be used by the Commission in a strong and forward way.

Thirdly, greening is an important topic for the citizens of Europe, but also for many Members here in the House, to make trade policy closely linked to the Green Deal. I think this is also a challenge, to reflect how we can really incorporate the Green Deal into trade policy. Of course we have the discussion about the border adjustment mechanism. This can play an important role, but I do not think it is the only option for greening trade policy. The question of green goods and services, subsidies, regulation should be discussed as well to make trade in a more environmentally friendly way.

Let me answer two institutional aspects. One is the whole range of items here in the Committee on International Trade. Mr Dombrovskis, I'm totally convinced – and I gave you a table with an overview of all the items here in the committee – that it is really hard work to cover all the items.

But on the other side, trade policy is one of the few executive competences of the European Union and I would like to stress that being a trade Commissioner is really a full-time job.

Secondly, considering Parliament's role in making and scrutinising EU trade policy, we considered it absolutely vital that the Trade Commissioner show a true, sustainable, continuous and regular commitment in a personal engagement with the INTA Committee here so that we have a proper exchange of views on ongoing trade policy, not just getting involved after everything is done. Two more institutional remarks to end this introduction from my side.

Mr Dombrovskis, I now give the floor to you for an opening statement of 15 minutes.

1-004-0000

Valdis Dombrovskis, *komisāra amata kandidāts*. – Priekšsēdētāja kungs! Godātie Eiropas Parlamenta deputāti!

Esmu patiesi pagodināts par to, ka Eiropas Komisijas priekšsēdētāja U. fon der Leienas kundze ir man uzticējusi atbildību par Eiropas tirdzniecības politiku. Gribu pateikties par šo iespēju jūs uzrunāt, lai iezīmētu tuvāko gadu laikā veicamos darbus tirdzniecības jomā, tai skaitā skatot tos plašākā Eiropas ekonomiskās attīstības kontekstā.

Ceru, ka arī jūs šodien gūsiet pārliecību, ka man šos pienākumus var droši uzticēt. Mūs sagaida daudz sarežģītu uzdevumu, taču Latvijā mums ir teiciens: "Kam rokas dotas, tam jāstrādā". Ņemot vērā, ka esmu trīs reizes ticis ievēlēts kā Eiropas Parlamenta deputāts, ciešu sadarbību ar Eiropas Parlamentu es uztveru kā pašsaprotamu lietu.

Honourable Members, as Executive Vice-President of the European Commission, my job is to build an economy that works for people. Trade is a powerful, positive force in this respect. It supports 1 in 7 high-quality European jobs. Of course, in today's world, trade is about much more than just trade. European trade policy must do more to help us meet the great challenges of our time. This is why we are conducting a wide review of our trade policy. Working with you, honourable Members, and with our stakeholders and civil society, I will bring forward a new roadmap for trade policy. This roadmap must fit into our wider plan for sustainable and digital recovery. It must be modern and up to date, in support of our values and wider geopolitical goals. It must maximise opportunities for our companies around the world. It must strengthen our toolbox to defend ourselves from unfair practices. It must leverage our strengths as the world's trading powerhouse, and it must unlock doors for influence globally.

Only a Europe that is open to the world can shape the trade policy of the 21st century. So I propose to drive forward our trade policy in order to reform the rules-based multilateral order; rethink trade policy to deliver for our sustainability goals; reinforce free and fair trade, by engaging with our partners while at the same time strengthening our trade defence and enforcement; and finally, redouble our leadership in trade by managing our key relationships.

Ladies and gentlemen, one of my first priorities will be to reform the rules-based system of global economic governance. We need to make it fit for today's world. This means a WTO that settles disputes quickly and efficiently, with strong rules to ensure a level playing field. A WTO with Sustainable Development Goals and climate change at the core of its work. A WTO responding to the digital revolution, harnessing the full potential of the free flow of data. In this respect I will prioritise negotiations on e-commerce. Of course, it will be very important that we uphold our GDPR rules on personal data protection.

Europe has the influence and credibility to lead this reform effort. In the context of the COVID-19 pandemic, we have already put forward ideas for a trade and health initiative that would facilitate trade in essential pharmaceutical and medical goods.

I am happy to announce today that I will launch a WTO trade and climate initiative, focusing on green goods and services. I look forward to discussing this with you at the earliest opportunity.

Staying with sustainability and climate, trade can deliver real results here. I would direct you to my track record on sustainable finance. Europe was the first region with proper legislation in this area, and Europe is now a global leader. My approach was never top-down but based on reaching out, finding common ground, and building alliances. My approach will stay the same – working with our partners is how Europe achieves results.

Every time one of our trade deals includes a trade and sustainable development chapter, we are making a mutual commitment. I know we need to strengthen the enforcement of these chapters even more. So my commitment is that I will work closely with you and with our new Chief Trade Enforcement Officer to achieve results. The Commission will propose respect for the Paris climate commitments as an essential element for future trade agreements. We will do more to support gender equality, women's empowerment, labour and human rights, including strong action to eliminate child labour. We will examine how we can include more granularity in the enforcement of these chapters. I will work closely with Commissioner Reynders to advance the Commission's proposal on mandatory due diligence already next year.

Ladies and gentlemen, one of the most urgent sustainability issues is to protect the Amazon rainforest. These are the lungs of our planet. Our best advantage is that we have an ongoing partnership discussion with the Mercosur countries. This agreement has taken 20 years. This is the first of this kind that Mercosur has negotiated with a global partner. The sustainability chapter is the most progressive of any of our trade deals. It contains explicit commitments on deforestation and implementation of the Paris Agreement.

However, I recognise the deep concerns expressed by the honourable Members, by civil society, and by our citizens. I share these concerns. Therefore, we should redouble our engagement with Mercosur partners to find lasting solutions for the Amazon region. This will be a critical element on the path towards ratification of the agreement.

Honourable members, openness goes hand in hand with fairness. To reinforce our commitment to free and fair trade, we must engage with our partners, while at the same time we must strengthen our trade defence and enforcement. Europe needs to become more assertive by protecting our companies, securing our strategic interests, strengthening reciprocity and levelling the playing field.

The Chief Trade Enforcement Officer will work to implement our agreements. This means removing barriers and protecting our workers, consumers and companies whenever our trade partners do not play by the rules. In addition, I will seek to strengthen our enforcement tools. With your support, I hope we can swiftly agree on an updated enforcement regulation.

We must also sharpen our trade defence tools. I will support the efforts to launch a new legal instrument dealing with distortions from foreign subsidies in our internal market. I will work with Member States to ensure that screening mechanisms for foreign direct investment are working well on the ground. I will also look for your help to conclude the work on dual-use exports and the International Procurement Instrument. And, to strengthen our hand in defending the EU

against unfair practices of others, I will bring forward a proposal next year for a new anti-coercion mechanism.

In parallel with defending ourselves better, we need to help our companies – in particular our SMEs – to derive maximum benefit from our free trade agreements. This is critical for our future economic prospects, given that in the next decade, 85% of economic growth will take place outside the EU. Therefore, I am very pleased to announce that later this month I will launch the Access2Markets portal. This will be a one-stop shop in all EU languages to help SMEs navigate the world of international trade. I look forward to your strong participation in this high-level event.

Ladies and gentlemen, all the goals I have outlined require our global partnerships to be strong and responsive. The transatlantic trade and investment relationship remains the global engine of prosperity. I will spare no effort in revitalising our strategic partnership with the United States. I will bring a fresh impetus to transatlantic work on trade, technology, taxation, the reform of the multilateral trading system, including disciplines on industrial subsidies. The recent deal on tariff reduction represents a first step of this renewed cooperation. However, if the US continues to disengage from multilateralism and pursue unilateral actions, the EU will not hesitate to defend its interests and respond in a proportionate way.

Let me now turn from the United States to China. We need to pursue a results-oriented engagement with Beijing. I co-chair the High Level Economic Dialogue with China in my current role. This gives me a clear understanding of the political and economic reality. We will work to enhance our trade and investment relationship with China, notably by concluding the Comprehensive Agreement on Investment. However, our partnership must be restructured to be reciprocal, balanced and fair. European companies in China need fair treatment and real market access.

Closer to home, I see Africa as a key partner for Europe. Africa is on our doorstep. It is the continent with the highest growth potential in the world: by 2050, Africa will represent around 75% of the global growth in the workforce. I am committed to reinforcing our economic partnership agreements with Africa, building resilient value chains and boosting sustainable public and private investment in sectors of mutual interest. Our long-term objective is to achieve a continent-to-continent agreement.

Moving still a little closer, we need enhance our cooperation with our neighbourhood region. These relationships are an important aspect of our trade policy, with a strong geopolitical dimension. Likewise, we must continue to support EU candidates and potential candidates, including through the extension of our autonomous trade measures. I count on the co-legislators to have the new regulation in place in time, and I very much welcome the recent vote in the Committee on International Trade (INTA) in this regard.

I would like to say a few words on our negotiations with the United Kingdom. It is in the strong interest of both sides to construct the closest-possible trade relationship, but I should underline that progress will depend on both sides respecting their commitments under the Withdrawal Agreement. Both the Commission and Parliament have been very clear on this point.

To conclude, honourable Members, all the steps I have outlined will feed into the ongoing review of our trade policy. This will help us to design a new direction for EU trade, based on the concept of open strategic autonomy.

If confirmed, I will come back to this house regularly to engage with you on all these issues, and I will maintain an active outreach with civil society stakeholders. As proof of my commitment to a wide and inclusive approach, a series of dedicated civil society dialogues will start already next month.

I pledge to maintain a high degree of transparency in my dealings with the European Parliament. I will ensure that you have all the information you need in good time. I want to reassure the group coordinators that I have taken good note of the expectations you expressed in the context of my predecessor's hearing last year. I hope you recognise that this has inspired the programme I have put forward today.

Let me conclude by saying that we live in unprecedented times. We face increased challenges at home and abroad. Working together, we can design a strong European plan to address these challenges. Working together, we can future-proof Europe's trade policy.

1-006-0000

Christophe Hansen (PPE). – Thank you, Executive Vice-President, for this very constructive introduction. It is very clear that you are no stranger to trade policy because you have been overseeing the economic cluster in the European Commission, and you have even been directly chairing the economic dialogue with China.

My first question concerns transatlantic relations. Your predecessor, Phil Hogan, managed to negotiate the first tariff reduction with the United States in over 20 years, which, for me, is of course a very positive new departure. So, how are you going to react and build on this, and how is this going to be used, for example, in the WTO arbitration on the Boeing case, where EUR 4 billion has been granted to the European Union? Are you going to save this?

My second question concerns Brexit. How do you see your role, especially in the very crucial weeks to come, since we have seen very few results so far?

1-007-0000

Valdis Dombrovskis, Commissioner-designate. – Thank you very much for those questions.

Let me start with transatlantic relations. Indeed, as I outlined, transatlantic relations are very important. They are the largest economic and investment relations in the world, so it's very important that we continue to develop them and that we de-escalate the tensions we have.

The trade facilitation agreement you mentioned was a positive first step in this direction – that instead of increasing tariffs we are discussing how we are actually mutually decreasing tariffs. We must continue with this engagement. We must also get the US back to the negotiating table on multilateral for a, because it's clear that to have a meaningful WTO reform we need the US on board on this.

There are of course ongoing cases – you mentioned the Airbus-Boeing case. Our approach has been very clear. We prefer a negotiated settlement in this regard. I've already discussed with Ambassador Lighthizer how we can achieve it, and came forward with a formal proposal on starting those negotiations.

But, at the same time, we have also been very clear that in the absence of a negotiated settlement, of course we will have no choice but also to impose our tariffs in line with the WTO ruling in the Boeing case. So we will use those rights if there is not going to be a negotiated settlement, because it's clear that we need to rebalance this relation. But I think, more positively, it will be the US who withdraw their tariffs and we will discuss disciplines in the area of civil aviation.

Then on Brexit – well on Brexit, indeed, we are in a critical month. We basically need to agree this month, but so far there has been relatively little movement from the UK side in areas like a level playing field, fisheries, and things are further complicated by the Single Market Act. So I would say lots of engagement and a lot of movement also on the UK side is needed to conclude it successfully.

1-008-0000

Christophe Hansen (PPE). – Just on the first question, to follow up: well, we are of course very much looking forward to what is going to happen on 4 November, so either Mr Trump is getting another four years or maybe Mr Biden would have a more constructive way forward. How are you preparing for both scenarios? That's the first question and then on Brexit, you didn't have the time in the first minute, what exactly will be your role as the, let's say, coordinator of the economic cluster, which of course is the most relevant for our relations now with the United Kingdom?

1-009-0000

Valdis Dombrovskis, Commissioner-designate. – First, on the two scenarios following the US elections: it's difficult to speculate at the current stage, but I think in any case we need to work with the US. We need to engage. Probably under a new administration it would be easier because we know that the Trump administration is unfortunately supporting this unilateral action in the area of trade, which is creating lots of tensions and lots of problems. But, in any case, we will need to work closely and deliver positive results where we can, as we did with the trade facilitation deal.

On Brexit: indeed one element is trade negotiations and another is our broader economic cooperation in a number of areas, including, for example, in financial services, on which I had been working closely, but we must be clear with the UK that respect for the agreements they have reached is a prerequisite for us to move forward on our future relations.

1-010-0000

Kathleen Van Brempt (S&D). – In your opening statement, you put a lot of emphasis on sustainability, and rightly so. You engaged yourself to 'strengthen the enforceability of the trade and sustainable development (TSD) chapter'. I remind you that the Committee on International Trade (INTA) requested a proposal by the end of 2020 in its confirmation letter to Mr Hogan.

My question is: by when will the Commission come up with the proposal on better enforcement of TSD chapters? Will other services be involved, and what concrete steps do you foresee? Will you consider – seriously consider – sanction-based enforceability mechanisms? I think that's important because engagement without binding sanctions is more difficult. Will that also include the Mercosur agreement? You mentioned that you are willing to take steps with regard to deforestation. Will that include, for instance, pre-ratification on enforceable TSD chapters?

1-011-0000

Valdis Dombrovskis, Commissioner-designate. – Indeed, implementation and enforcement of trade and sustainable development (TSD) chapters should be stepped up. I agree that currently this enforcement is not strong enough.

We must differentiate here between existing free trade agreements (FTAs) and possible new ones. With the existing ones, first and foremost, we must work on enforcement – that's why I'll work with the Chief Trade Enforcement Officer. And we will establish a more systemic approach that also involves civil society in enforcement and environmental and labour commitments, and we will be more active in this area. For example, it took eight years to launch the case against South Korea; one could have acted faster.

Then, of course, we must see how we move forward. We have a 15-point trade and sustainable development action plan, established in 2018 with a review in 2023. Well, 2023 is a long time

off, so I will bring forward its review to 2021, and also factor in COVID-19 effects and current priorities. Then, looking at future agreements and also what you asked about possibilities for a more granular enforcement – so, something between a simple dialogue and suspending the agreement, which is the nuclear option – I took a close look at a Franco-Dutch paper on conditioning tariffs on certain sustainability outcomes, and this is an idea I am willing to explore. Of course, when we discuss it with our partners we must see what, for example, they would expect in return. So, we need to see it all on balance. But I would propose launching a comparative study to see what countries around the world are doing on enforcement of TSD chapters and, more globally, on climate, environmental, social and labour law, and to identify best practices and how we can move forward.

1-012-0000

Kathleen Van Brempt (S&D). – Can you please be very concrete on sanction-based? And then you were looking at a country – well, I know a very interesting country and that is New Zealand. They asked the European Union, the Commission, to come up, with them, on sanction-based trade and sustainable development (TSD) chapters. Will we be open to that and set a benchmark for the future in the world on sanction-based TSD chapters? And finally, again I know and very quickly, are you open for Mercosur and pre-ratification conditions or protocols based again on the same principles?

1-013-0000

Valdis Dombrovskis, Commissioner-designate. – When I was referring to the Franco-Dutch paper, what it actually contains, especially, is ideas on how to design and implement explicit conditionalities and how to express them in terms of tariff reductions or non-reductions, in case of lack of implementation of certain ILO conventions or environmental agreements. So that's exactly the approach we can follow.

On Mercosur, also as I outlined in my introductory remarks, indeed, we will need meaningful results, meaningful engagement from Mercosur countries before we can proceed with ratification. So Mercosur countries would need to deliver on deforestation, on the Paris Agreement, because that's very clear; we hear it from Members of the European Parliament, from Member States, from civil society. So, that clearly will be a critical element to move forward with the ratification.

1-014-0000

Karin Karlsbro (Renew). – Trade is good for economic growth, business opportunities and jobs, both in the EU and abroad, especially after the COVID crisis. Trade is the key in the sustainable transitions and my questions will focus on trade and sustainability.

The carbon border adjustment mechanism is a priority for the Commission and the sustainability chapters now include binding reference to the Paris Agreement. Aside from these initiatives, what other measures will you introduce to make sure that the EU remains a strong, powerful, free, fair, rule-based and sustainable trader?

The Mercosur Agreement is of high importance of course, with political and economic benefits on both sides, but with concerns regarding sustainability. In light of this, what additional initiatives will you propose to ensure that the agreement goes hand in hand with our high ambitions in the Green Deal?

Trade and climate action are not mutually exclusive. In general, how will you improve the communication regarding facts about, and benefits of, trade deals, including in relation to climate goals?

Those are my questions.

1-015-0000

Valdis Dombrovskis, *Commissioner-designate*. – Thank you for these questions. So first on trade. Indeed, trade is a powerful factor for our economic development and something we have outlined, and also, as I said, 85% of global growth will take place outside Europe so we must be connected with those external sources of growth.

Indeed, we need also to communicate better the results for our trade deals and what they are bringing in terms of positive results. And in a sense, we are already doing this in a systemic way by doing the impact assessments at the beginning, doing trade sustainability impact assessments during the negotiations, doing economic assessments of the negotiated outcome, at the end, doing ex post evaluations. All this needs to be communicated, I'd say, more actively because it contains lots of very useful material actually.

Then, what is important is, of course, also how our companies can benefit from those trade agreements. That is why I was mentioning the Access2Markets portal where we will be providing information in all EU languages in an accessible way so that SMEs, especially, can navigate this world of international trade.

And then on trade and climate: well, we will continue to reinforce the work and implementation of the TSD (Trade and Sustainable Development) chapters, as we already discussed. I will come forward with a trade and climate initiative in the WTO to continue basically to build upon the WTO's work on trade and environmental goods.

There is, indeed, much more we would need and I am open and willing to work in this direction.

1-016-0000

Karin Karlsbro (Renew). – Thank you for the answer. One step to increase sustainability and awareness is also to increase transparency. What will you do to make sure that trade negotiations become more transparent and that they are more inclusive to civil society and other stakeholders? You touched upon it, but if you please could develop it a little bit.

When speaking about sustainability and transparency, it's hard to not think about China. The EU must stand up for our partners in the region who try to keep up freedom and democracy. So, finally, how will you proceed in EU trade relations with these countries when you, for example, start to negotiate an investment agreement with Taiwan.

1-017-0000

Valdis Dombrovskis, *Commissioner-designate*. – Thank you for these questions.

First, on transparency, I would say that the EU has made major progress on transparency, both in our trade negotiations, and in how agreements are implemented and rules are applied. I would say that we are the most transparent negotiator in the world – publishing draft negotiating directives, initial negotiating proposals, negotiated text, reports of every negotiating round, and so on and so forth. So, in terms of transparency, I think we have made major progress and I remain very committed to transparency.

When we discuss China and the neighbourhood – and you specifically mentioned Taiwan – indeed we are engaged in a close dialogue on investment with Taiwan. Just ten days ago, the European Economic and Trade Office in Taiwan worked with Member States and organised a first European Investment Forum in Taiwan, bringing some 1 400 participants from Europe and Taiwan. I think this demonstrates that our engagement is there.

In terms of negotiations, the immediate priority is to finalise the investment agreement with China. As you know, this work is ongoing and, from there, we can see how we proceed with investment agreements in the region.

1-018-0000

Markus Buchheit (ID). – Herzlichen Dank auch für das gestrige Vorabgespräch. Auch das war sehr zuvorkommend. Ich finde die Kommunikation mit den politischen Gruppen in jedem Bereich extrem wichtig, aber insbesondere natürlich auch hier bei uns im Ausschuss für internationalen Handel.

Herr Vizepräsident, Verlässlichkeit, Planbarkeit und Berechenbarkeit sind Grundpfeiler jeder Politik. Da würde es mich interessieren – wir hatten vor Kurzem das neue Klimagesetz, zum Beispiel im ITRE-Ausschuss, aber auch im ENVI-Ausschuss, natürlich mit einer deutlichen Verschärfung der Vorschriften für die Europäische Union. Ähnlich hatten wir nunmehr auch eine Verschärfung der Rahmenbedingungen, wenn Sie so wollen, nach mehr als zwanzig Jahren Verhandlung des Mercosur-Abkommens.

Sehen Sie nicht einen Zielkonflikt zwischen der Berechenbarkeit derzeitiger EU-Politik und der schieren Zahl von Abschlüssen von Handelsverträgen? Sehen Sie keinen Zielkonflikt durch plötzliche Änderungen der politischen Vorgaben hier in Brüssel und die Möglichkeit, dass unsere Handelspartner, beispielsweise in Lateinamerika, eben mit anderen Handelspartnern – China wurde gerade erwähnt – zum schnelleren Abschluss von Verträgen kommen können? Das wäre meine erste Frage.

1-019-0000

Valdis Dombrovskis, Commissioner-designate. – Let me start with climate law. Climate law and the European Green Deal have been agreed on unanimously among Member States and enjoy broad support in the European Parliament. So, we have committed to climate neutrality by 2050 and, of course, we must take demonstrable steps in that direction. That's where the question of more ambitious 2030 targets comes in. But, as you know, it also came with a detailed impact assessment, and the fact is that the implementation of the Green Deal shows a modest positive effect on EU economic growth and on employment, because some jobs will be lost while many new jobs will be created in the green economy.

Then, I fully agree with what you say on predictability and consistency, but I think that Europe has been leading the way in the fight against climate change, in championing and implementing the Paris Agreement, and working very actively in the area of sustainable finance. I personally have been very much working on these issues. So, in a sense, there is consistency in what the EU is doing. Of course, when we discuss how we will achieve our goals, we ourselves must also respect the rules-based multilateral order. So, we must engage with our partners and advance those ideas, while refraining from unilateral action.

1-020-0000

Markus Buchheit (ID). – Das CO₂-Grenzausgleichssystem spielt ja eine ganz wichtige Rolle darin, den Grünen Deal umzusetzen, und wirkt sich natürlich dementsprechend auch sehr stark auf unsere Handelspolitik aus.

Wie sehen Sie denn momentan die Chancen der WTO-Konformität, bzw. wie ist momentan der Sachstand? Wie wollen Sie das auf WTO-Ebene vorantreiben? Denn wir haben ja gerade schon gesagt: Unilaterales Vorgehen schadet am Schluss noch – wir müssen uns hier auch WTO-konform verhalten.

1-021-0000

Valdis Dombrovskis, *Commissioner-designate*. – Well, absolutely. We are now preparing the proposal for the carbon border adjustment mechanism. We are now doing what is called an inception impact assessment. There are several potential designs for the carbon border adjustment mechanism which we are currently assessing. But in any case, what will be important in this regard is WTO compatibility, and the key word for ensuring WTO compatibility is non-discrimination.

Depending on which specific design for the carbon border adjustment mechanism we choose, different WTO rules may come into play, but at the end of the day it will boil down to this element. We are working on this and we are very much aware that what we put forward needs to be WTO confirmed.

1-022-0000

Heidi Hautala (Verts/ALE). – As mainstreaming the Green Deal in all actions of the European Commission is a big challenge, we have sometimes felt that DG Trade and the trade area is a bit of a slow mover here and it looks back rather than forwards. And now of course we expect you to change that.

So I would like to ask you how you would, as Trade Commissioner, use the whole toolbox of the European Union in order to promote sustainable trade policy, and I'm aware that you are currently leading a very important multi-stakeholder initiative on sustainable cocoa, aiming at the producing countries Ghana and Cote d'Ivoire and based on the due diligence idea.

So, how would you use this model of multi-stakeholder cooperation as Trade Commissioner to promote, maybe, other issues in the future, such as a sustainable textile supply chain or the like?

1-023-0000

Valdis Dombrovskis, *Commissioner-designate*. – Well, first of all, on the question of mainstreaming the Green Deal, indeed. We have agreed on a European Green Deal and if we are to deliver on the Green Deal, we must deliver across different policies. And here, in my position as Executive Vice-President, it gives me a good possibility to coordinate this work and actually ensure that work on trade fits into Europe's broader economic agenda.

And in terms of trade work in this area, I'm willing to accelerate it. Once again, I would reiterate that working in DG FISMA on financial services, I have indeed been very active on moving forward the sustainable finance agenda and we have achieved very good results in this area and I will work in the same spirit in the area of trade.

Then on the use of the toolbox, including what you mentioned, the sustainable cocoa initiative, which we launched in the Commission together with Commissioner Urpilainen last month.

Indeed, I think that's a good model of multi-stakeholder initiatives and something we may seek to replicate also in other areas – as you mentioned, textiles, and potentially other areas. But we also will work, as I outlined, on compulsory due diligence, the instrument, while covering a broader set of areas and actually ensuring that European companies need to follow up their supply chains and need to source their goods and resources responsibly and in a sustainable way.

So we need to, indeed, as you said, explore those different avenues and use the different tools which we have at our disposal.

1-024-0000

Heidi Hautala (Verts/ALE). – Drawing from your extensive experience and frontrunner role on sustainable finance, I would like you to use your political imagination now that we are in the

middle of this negotiation with China on the investment agreement. Can you see that a leadership initiative here on sustainable finance with the investment agreement with China could be a way to go? How are you going to enforce clear and strong labour and human rights protections in this very challenging agreement that is still in the making?

1-025-0000

Valdis Dombrovskis, *Commissioner-designate*. – Indeed, work on a comprehensive agreement on investment is still ongoing and we are making progress. We are seeing some good openings from China in the area of market access and we emphasise all the time that we need not just any agreement with China – we need an agreement which helps us to rebalance our economic relations and restore the level playing field.

Our comprehensive agreement on investment will also have a sustainable development chapter, so this is also in the negotiations. I would say that progress so far has been slower on this, but, on the EU side, we will continue to insist and ensure that we are also making progress on the investment and sustainable development chapter in our agreement with China.

1-026-0000

Geert Bourgeois (ECR). – Voorzitter, mijnheer de vicevoorzitter, u zult in ons een partner vinden voor een zeer voluntaristisch handelsbeleid en voor open, strategische autonomie. In verband met dat laatste wil ik vragen: weet u dat tienduizenden banen in de EU gevaar lopen als gevolg van dumping en staatssubsidies voor producten? Bent u bereid om de handelsbeschermingsmaatregelen aan te scherpen?

Wat de Mercosur betreft, zou het een kapitale fout zijn om deze na twintig jaar niet te ratificeren. We willen die groene long immers voor de wereld in stand houden. Wij hebben in Europa onze oerbossen geroid om plaats te maken voor andere activiteiten. Vindt u niet dat we nu moeten bijdragen aan de bescherming van het Amazonegebied door, onder toezicht en met behulp van sanctiemechanismen, technische en financiële hulp te verlenen, en dat we daarover een aanvullend akkoord moeten sluiten met de Mercosur?

1-027-0000

Valdis Dombrovskis, *Commissioner-designate*. – Thank you for this question. Indeed, I first spoke on enforcement and the negative effect of dumping and other unfair practices of third countries, and that's why we need to strengthen our enforcement toolkit, and that's why we need also to actively use our anti-dumping and anti-subsidy remedies and safeguards where appropriate. We have been making, I would say, active use of the safeguard measures and we see that it actually produced good results – that imports of the products concerned go down on average by some 80% when we implement our anti-dumping, anti-subsidy safeguard measures. We can really fight against this effectively, but we need to reinforce our toolkit. First of all I refer once again to the work on the enforcement regulation. Also, by the way, we agree that we should broaden the scope of the enforcement regulation to cover areas of services and intellectual property, and it also concerns our investment, the international procurement instrument, and we will be coming with a new anti-caution tool in case third countries, so to say, step out of the WTO rules and act in breach of international rules, that we are able to respond in the effective way. So that's very clear.

You mentioned Mercosur. On Mercosur, as we already discussed, it's important that we have a meaningful commitment from Mercosur countries on deforestation and on the Paris Agreement in order to be able to successfully move forward this ratification.

1-028-0000

Geert Bourgeois (ECR). – Voorzitter, ik wil concreet in verband met beschermingsmaatregelen vragen of u bereid bent om de vrijwaringsmaatregelen voor de staalsector te verlengen. Deze verlopen namelijk in juni volgend jaar. Dit betekent dat innovatieve, goed presterende

staalbedrijven in de EU, en daarmee tienduizenden banen, worden bedreigd. Bent u van plan om die maatregelen te verlengen?

Voorts herhaal ik dat we onze solidariteit moeten betuigen met de Mercosur-landen en dat we bereid moeten zijn ons in te zetten voor het duurzaam behoud van het Amazonegebied om die groene long niet alleen voor de wereld, maar bovendien met de wereld in stand te houden.

1-029-0000

Valdis Dombrovskis, *Commissioner-designate*. – On the question of steel safeguards: indeed, steel safeguards will expire on 30 June next year and, according to WTO rules, those are temporary instruments. So in a sense, if we were to prolong, we would expose ourselves to the possibility for affected countries basically to use retaliatory action, and that may turn out very expensive for the EU. Here we're talking about some potential retaliatory action on goods worth, maybe, in the range of some EUR 20 billion. So I think we should stick with the WTO framework, and that's why we are currently looking at how we can achieve the same result for the European steel industry through anti-dumping and anti-subsidy measures within the WTO rules, instead of stepping out of the WTO rules and risking retaliation.

1-030-0000

Helmut Scholz (GUE/NGL). – Commissioner-designate, it seems that greening is a red line in today's hearing and I agree very much that greening trade policy is just the actual task, but I also want to stress that human rights, social standards, multilateral cooperation, the interests of all trading partners, are at the same stake. Would you insist that the 17 sustainable development goals (SDGs) of the United Nations will become the core of the ongoing WTO reform, because it must go beyond the appellate body, the reform, etc.?

That is linking then to the question that we are speaking about of fair trade, and fair trade and ethical trade is just the mirror on how we are implementing trade policy in the interest of our citizens. Will you continue to consider SDGs, fair and ethical trade standards to be the new red line for the trade policy review of the Commission?

1-031-0000

Valdis Dombrovskis, *Commissioner-designate*. – Indeed, on SDGs (sustainable development goals), something outlined already in my introductory remarks, when we discuss WTO reform, we also discuss how we make SDGs at the core of the WTO work. I am committed to work in this direction and in the direction of ensuring free and fair trade. I would say we need to do so, both working multilaterally in the context of WTO reform, and I already mentioned some initiatives which will go in this direction, including a trade and climate initiative, which we will be working on. We need to pursue it also bilaterally, when we are negotiating free trade agreements with third countries. And we need to pursue it also internally, and as you know, the European Commission is paying a lot of attention to the implementation of sustainable development goals also within the EU. It is made as an important part of the European Semester – our annual cycle of coordination of the EU fiscal and macro-economic and social policies – that we are putting a larger emphasis on implementation of SDGs. So yes, the answer is that we will pursue it both through multilateral fora, bilaterally, but also something we are applying, implementing internally within the EU.

1-032-0000

Helmut Scholz (GUE/NGL). – Then we also need the adaption of the toolbox and that means we have United Nations binding treaty negotiations, we have the issue of transparency, of how the new composed structures of bilateral agreements like in CETA, concerning the regulatory bodies there, how far they are in line with the right of the parliaments to decide on which way the impact of trade policies on the social, on the economic development in the countries involved are really implemented. That, I think, is very necessary to find new answers from you, as a Commissioner,

because the domestic advisory groups are very often lacking in knowledge about what is really agreed within these new constructed bodies in the trade agreements frame.

1-033-0000

Valdis Dombrovskis, *Commissioner-designate*. – Indeed, from the Commission's side, we are ready to continue to work on the UN binding treaty on business and human rights: so to say, re-engage in this work-stream. Then on implementation of, once again, trade and sustainable development chapters, including in recently-concluded agreements. That's why I mentioned the chief trade enforcement officer, which has recently taken office, and of course it will deal also with pure trade issues and unfair practices of third countries, but it will also systematically deal with enforcement of TSD (trade and sustainable development) chapters. We will work to ensure more systematicity in this. Also, it will provide for a single access point both to affected companies but also civil society concerning TSD chapters, where it will be possible to file complaints, to engage on specific problems which had been identified. I fully agree with what you raised also in terms of access to information. This is something which we need to continue to develop.

1-034-0000

Jörgen Warborn (PPE). – Executive Vice-President, this is indeed an important time for trade. The COVID-19 virus and the following lockdown of economies and borders has caused serious disruptions to global supply chains and trade. It has halted both production, imports and exports, and it has hit companies and people hard. SMEs account for 99% of the businesses in the EU and 56% of the economy. They have created 85% of the new jobs in the past five years. However, only a quarter of them export at all and even a smaller number beyond the EU. Bigger companies have more resources to circumvent trade barriers, administrative costs and bureaucracy. So here lies a great potential to restart the economy by improving the conditions for SMEs to export. As the number of trade agreements increase, and with them both importers and exporters, how can we make the FTAs and the rules in them easier to use, especially for SMEs?

1-035-0000

Valdis Dombrovskis, *Commissioner-designate*. – Thank you very much for this question. Indeed, supporting European companies, especially SMEs, is very important if we are to derive the benefits from the Free Trade Agreements which we are agreeing, and indeed represent 87% of EU exporting companies and they face higher costs for participating in international trade, more difficulties in accessing information, also on potential suppliers, business partners. The EU has already a number of tools in place to support SMEs so we have included SME chapters in recent Free Trade Agreements. We have created SME contact points, so the intellectual property rights, SME helpdesk, trade defence helpdesk for SMEs, we have over 600 members of the Enterprise Europe Network, which are offering tailored services to SMEs, and as I mentioned, later this month we will launch the Access to Markets information portal in all EU languages, providing practical trade information. Once again we see that it's going to be of special benefit for SMEs. This is something which will continue to be important in our trade agenda and we will continue to work to ensure that our SMEs can actually benefit from the trade agreements which we are concluding.

1-036-0000

Jörgen Warborn (PPE). – Thank you for that answer. I do have a follow-up question, because ever since the pandemic, diversification of supply chains as a resilience strategy has been hotly debated. In the context of open strategic autonomy, further broadening of our FTA network of course has its role to play in diversifying our supply chain. Agreements with Australia and New Zealand are well under way. How do you intend to push them over the finish line, and what are the outstanding issues?

1-037-0000

Valdis Dombrovskis, *Commissioner-delegate*. – As already discussed, we will continue the active policy in the area of trade, including in the conclusion of new free trade agreements, because this

will help to diversify our supply chains. Indeed, agreements with Australia and New Zealand are well underway. So, as always, we are discussing the liberalisation of goods tariffs, access to public procurement, services, markets, etc. We need to take into account EU sensitivities in terms of the market for imports of some agricultural products. This is something which concerns the defence of our interests, so more negotiations will be needed. And, as some colleagues have outlined, especially in the case of New Zealand, we might also explore strengthening the trade and sustainable development chapter, including looking at ways of ensuring a more granular enforcement of this chapter.

1-038-0000

Inma Rodríguez-Piñero (S&D). – Señor presidente; señor Dombrovskis, bienvenido a esta Comisión. Le deseo lo mejor en el desempeño de sus funciones, porque sus aciertos serán aciertos de la Unión Europea.

La pandemia ha venido en un momento de crisis del multilateralismo que afecta gravemente al comercio internacional y a nuestras posibilidades de crecer, de crear riqueza y de seguir influyendo en el mundo. Asistimos a una pugna por la hegemonía mundial entre las dos grandes rivales y Europa puede ser árbitro, decisor o víctima en esa pugna. Depende de cómo actuemos. Diseñando buenas estrategias, pero careciendo de una adecuada implementación —y señalo— de la necesaria velocidad de respuesta, Europa perderá liderazgo y capacidad de influencia en beneficio de China.

¿Qué va a hacer, más allá de lo que se ha hecho hasta ahora, para conseguir que China sea un socio fiable y confiable? ¿Qué va a hacer para proteger a nuestras empresas europeas en Cuba contra la ley Helms-Burton que están aplicando los Estados Unidos? ¿Qué peso le da a la importancia de las relaciones con Latinoamérica?

1-039-0000

Valdis Dombrovskis, Commissioner-designate. – Thank you very much for those questions. Indeed, we are now facing a more confrontational international trade scene and we need to sharpen our trade enforcement and defensive toolkits.

That's why I have outlined it as one of the key priorities of the workstream in the area of trade. And this of course concerns also the situation in China. There are a number of concerns which we are having concerning industrial subsidies and transparency of industrial subsidies, concerning forced technology transfers, intellectual property rights, so we need meaningful progress in these areas. Of course we continue to engage multilaterally and we bring those elements as important elements for WTO reform. We continue to engage bilaterally. We raise all these issues in the context of a comprehensive agreement on investment, but we also need to have our autonomous tools. That's once again where enforcement regulations, a new anti-coercion tool which we are going to propose, will come into place. If third countries are not playing by the rules, we need to be able to defend ourselves and we will become more assertive on this.

On relations with Latin America, we are pursuing, I would say, strong engagement with relations with Latin America and will continue to do so. We are already, of course, discussing extensively the Mercosur Agreement. We are engaging with the Andean countries. We modernised our agreement with Mexico. We will continue with negotiating an agreement with Chile. We will continue this active engagement with Latin America.

On Cuba, I'm not sure if I understood properly, your question probably concerns US extra-territorial sanctions. In general, as you know, we are opposed to the extra-territorial application of sanctions and we have a number of concerns in this area and we are preparing also our own documents on how we can also strengthen the EU's resilience against the extra-territorial effects of third country sanctions.

1-040-0000

Inma Rodríguez-Piñero (S&D). – Señor Dombrovskis, usted es muy consciente de la importancia que tienen las relaciones entre la Unión Europea y China, y de la importancia que tienen para nuestro Grupo. A mí me gustaría que, si puede, sea más concreto: ¿qué importancia va a dar a los instrumentos de defensa comercial y, sobre todo, a su capacidad de actuar a tiempo?

¿Cómo va a asegurar la igualdad y la reciprocidad de condiciones en nuestras relaciones comerciales, no solo con China, y también pensando en nuestros productores agrarios, que se enfrentan a una gran competencia desleal con nuestros socios?

¿Qué piensa hacer para asegurar la propiedad intelectual y combatir la piratería y las falsificaciones?

¿Cree que se cerrará un acuerdo de inversiones con China, con un amplio, profundo capítulo de desarrollo sostenible? ¿Cómo va a involucrar a China en los derechos humanos, en particular con el pueblo uigur y el tibetano?

Creo sinceramente que, si Europa es capaz de demostrar que nuestros socios más poderosos cumplen con nosotros, otros socios de menor capacidad, pero igualmente complejos y problemáticos, entenderán bien nuestras prioridades y será más fácil extender nuestro sistema de valores a todo el comercio. Espero sus respuestas.

1-041-0000

Valdis Dombrovskis, Commissioner-designate. – That's quite a few questions to respond to in one minute!

On reciprocity, the first question you raised, this is something we are currently negotiating: we are making it very clear that we can only agree on a comprehensive agreement on investment with China if it rebalances economic relations. For this, we need more reciprocity; we need more market opening from China because the current situation is asymmetric. We will not conclude a deal without rebalancing the playing field. In the absence of bilateral agreements, we are strengthening the autonomous toolkit that I just described.

It would also be important to reach an agreement on an international procurement instrument, among others. Of course, we are using anti-dumping, anti-subsidy measures; actually, China is the main country to which we are applying anti-dumping, anti-subsidy measures. The same goes for intellectual property rights, counterfeit goods – around 80% of counterfeit goods come from China and Hong Kong – and we are engaging very forcefully with China in this regard.

Will our comprehensive agreement have a trade and sustainable development (TSD) chapter? Yes, that's something we are negotiating. On the Uighurs, this is of course a broader political question. We are raising this point strongly, including at the latest EU-China summit, and we are also making it clear in our negotiations that international ILO Conventions prohibit forced labour.

1-042-0000

Massimiliano Salini (PPE). – Signor Presidente, onorevoli colleghi, ho ascoltato attentamente le risposte che sono state date a molte domande, in particolare con riferimento al *carbon border adjustment mechanism*.

Lei ha giustamente richiamato la coerenza con le regole dell'OMC. Però il diavolo si nasconde – come al solito – nei dettagli e, applicando le regole dell'OMC rigorosamente, potremmo avere una conseguenza un po' particolare, perché ci sono paesi che stanno fingendo di attuare sistemi interni di ETS e, fingendo, otterrebbero sicuramente quelle esenzioni dall'applicazione del *carbon border*

adjustment mechanism, che invece noi riteniamo debbano essere applicate ed eventualmente derogate solo in caso di concreto impegno di quel paese al rispetto delle regole che noi ci siamo dati sul *green deal*. Allora, attenzione a richiamare l'OMC, perché l'OMC in questo caso potrebbe essere lo strumento a favore dei nostri nemici.

E in seconda battuta, il tema del *carbon border adjustment mechanism* nella fase transitoria iniziale non può non essere attuato in contemporanea con il nostro ETS e non in alternativa.

Anche su questo cosa ne pensa?

1-043-0000

Valdis Dombrovskis, *Commissioner-designate*. – On the carbon border adjustment mechanism, as I said, it's currently undergoing its inception impact assessment. We aim to put forward a legislative proposal in the first half of 2021 – well it's DG TAXUD and Commissioner Gentiloni who are leading this, but of course trade is closely associated exactly because of this WTO compatibility issue.

There are several designs we are currently looking at. How can it be implemented in terms of this WTO compatibility? Basically, it has to apply equally to domestic and imported products. Options which we are looking at basically are that we apply it, as I said, equally, that it could be, maybe, a new tax on imports that is set at the level of the carbon price of the EU under the ETS. It may be an extension of the ETS to imports, basically requiring importers to surrender allowances for imports in the same manner as if production would have taken place in the EU.

So those are different designs and they may have different implications under WTO rules. But the main principle in a case is that it must include rules that prevent discrimination between foreign and domestic products. So it's, as I said, key here that there is this principle of non-discrimination.

Then, on the question of whether it's in parallel with our ETS system, how does it work? Well, in a sense the idea is to introduce it in parallel with the phasing out of free allowances for energy-intensive sectors within the EU, because you cannot have both. You cannot have free allowances in the EU and tax on imports. So it has to go all together. Currently we are dealing with carbon leakage through this question of free allowances but as we move to carbon neutrality, of course, we need to reconsider. But it needs to be done in a consistent way.

1-044-0000

Massimiliano Salini (PPE). – La ringrazio, è stato molto esaustivo.

Attenzione, lo ripeto, è correttissima la preoccupazione sul principio di non discriminazione. Però ricordiamoci – mi riferisco anche al tema delle salvaguardie richiamato da un altro collega e in particolare nel settore siderurgico, capisco perfettamente – che si è verificato, soprattutto in Europa un terremoto, anche a causa della COVID-19: abbiamo un'emergenza sul mantenimento in vita della nostra manifattura. Quindi la richiesta che io Le faccio è che venga prestata una particolare attenzione non solo all'applicazione, diciamo così, accademica delle regole ma alla rivisitazione del paradigma per tutelare la manifattura.

Le salvaguardie, nell'ambito siderurgico, non possono essere bloccate nel 2021, perché significa condannare a morte un'industria che si tira appresso molte altre filiere. Quindi, attenzione, le regole vanno guardate e collocate nella fase storica in cui ci troviamo.

1-045-0000

Valdis Dombrovskis, *Commissioner-designate*. – Thank you for those questions. You're absolutely right that we need to have a proper sequencing here and we cannot introduce a carbon border adjustment mechanism in a way that puts European companies at a disadvantage vis-à-vis

importers of the same products. We will be very careful and assess this very carefully when designing our carbon border adjustment mechanism, how exactly it is phased in, how exactly we deal with our emission trading scheme allowances, and how those two properly fit together.

On the steel industry, the steel industry is already now a most protected sector. Basically, around one third of all trade defence measures which we currently have in place in the EU are covering the steel sector. As I said, we may have to phase out the safeguard measures under the WTO rules because the WTO rules are very explicit and clear about this. We would open ourselves to the retaliation of third countries if we were not to do so. We are therefore looking at how we can compensate for it through anti-dumping, anti-subsidy measures to achieve the same result for the EU steel industry.

1-046-0000

Marie-Pierre Vedrenne (Renew). – Monsieur le Président, dans ce contexte particulier - COVID, blocage de l'OMC, tensions commerciales -, l'Europe ne peut plus être dépendante de certains partenaires. Nous devons renforcer notre autonomie stratégique et donc muscler notre politique commerciale. Il nous faut agir sur tous les fronts. Vous avez évoqué le cadre multilatéral avec une réforme ambitieuse de l'OMC, mais qu'allez-vous porter, comment allez-vous incarner la politique commerciale de l'Union, et quelles sont vos propositions pour un commerce mondial régulé, juste et durable?

Par ailleurs, vous l'avez indiqué, la présidente von der Leyen a annoncé la création d'un nouvel instrument visant à contrer les mesures coercitives de pays tiers. Il s'agit d'une bonne nouvelle pour assurer le respect des règles et mettre fin à l'ère de l'Europe naïve. Mais comment nous assurer du soutien de tous les États membres? Quelles seront ses modalités de déclenchement?

Vous avez évoqué la défense de nos intérêts avec la réciprocité des règles de concurrence équitables, notamment avec des partenaires comme la Chine. Là encore, quelles sont vos propositions pour débloquer la situation au Conseil?

1-047-0000

Valdis Dombrovskis, Commissioner-designate. – Thank you very much for those questions. First on WTO reform. The WTO is in a deep crisis and we need to reform it. We need to modernise its rules and functions, we need to restart in a sense the negotiating function of the WTO. We need to get back the Appellate Body of the WTO. It's all, as you know, currently stuck. So this is something we are discussing now also in the context of the selection of a new director-general of the WTO. What we are saying from the EU side is commitment to WTO reform, addressing all those issues, will be critical for EU support for the candidates, addressing modern challenges, which probably were not there when the WTO was created, coming for example, from China's economic model on industrial subsidies, on forced technology transfers and so on and so forth, so we will need to work with all those aspects.

How do we get stakeholders, so to say member states, WTO member states, at the table, well that is a challenge, we have to acknowledge it, but it looks, if you look internationally, that Europe must lead the way. The US is not leading the way. China is not leading the way. So I think EU is the one which has to lead the way in this area, that's why we need to engage with the US really to get them back to this multilateral framework, we need to engage with China because many of the problems they are discussing stem from China's economic model and we will need to be very assertive and at same time, as I said, in absence of progress we need to be able to defend ourselves. We will need to balance all these elements. It's difficult, I agree, but we have to work on this and hopefully we are able to succeed.

1-048-0000

Marie-Pierre Vedrenne (Renew). – Je souhaite revenir, tout d’abord, sur l’instrument visant à contrer les mesures coercitives. J’insiste: comment avoir à l’intérieur de l’Union européenne, le soutien de tous les États, selon quelles modalités précises? J’aimerais avoir plus d’engagement de votre part.

Et puis, on le sait, défendre nos intérêts c’est faire respecter nos normes, nos valeurs. On a beaucoup évoqué les chapitres sur le développement durable, vous avez parlé de l’initiative franco-allemande. Quelles sont vos propositions concrètes pour assurer la mise en œuvre des engagements des États partenaires? Comment faire en sorte que nos normes, nos indications géographiques soient pleinement respectées? Comment lutter contre la contrefaçon, faire respecter réellement nos standards?

1-049-0000

Valdis Dombrovskis, Commissioner-designate. – Well, first of all: how to get EU Member States on board? I would say that on a number of areas, Member States are actually on board. When we discussed the European Green Deal – a more ambitious implementation of the Green Deal, emission reduction targets – we saw that Member States are on board, and this logically has to apply in different policy areas including trade, so it’s a logical consequence of the decisions we have already taken with the support of all Member States.

On trade defence, I think we are able to bridge the differences we have, for example, on enforcement regulation, on international procurement instrument, on dual use exports. So, conceptually, Member States agree that we need to enforce our trade defence toolkit, so I am confident we will be able to advance there.

How we ensure that this is respected by third countries, our trade partners. Well we were discussing already how we can improve enforcement of these the chapters, how we can do more systematic the enforcement of trade policy, and once again I have referred to our chief trade enforcement officer, which we set up exactly to strengthen the enforcement and to better ensure that also third countries are following the rules and following the commitments they have taken under the Free Trade Agreements.

1-050-0000

Virginie Joron (ID). – Monsieur, vous êtes candidat au poste de commissaire du commerce et vous allez décider de la politique commerciale de l’Union européenne, donc décider quels produits seront dans nos supermarchés.

Ces dernières années, les consommateurs européens ont été scandalisés par la vache folle, la viande de cheval dans les lasagnes de bœuf ou le bœuf brésilien avarié. La Chine avait déclenché un embargo total contre le Brésil, alors que Bruxelles avait continué à en importer.

La Commission a réalisé deux audits au Canada en 2014 et en 2019 sur les viandes bovine et porcine. Les deux fois, l’audit a été négatif. La production canadienne repose sur l’engraissement d’animaux en élevage intensif sans aucun accès aux pâturages, élevés aux hormones de croissance avec le recours aux farines animales, aux antibiotiques et à d’autres substances chimiques. Donc, deux tiers des firmes canadiennes qui exportent en Europe ne respectent pas les normes européennes.

Alors que nous traversons une crise sanitaire sans précédent, les citoyens européens ont plus que besoin de savoir ce qu’ils ont dans leurs assiettes. Monsieur, demain allez-vous bloquer les 64 000 tonnes de viande canadienne tant qu’ils ne respectent pas nos normes?

1-051-0000

Valdis Dombrovskis, *Commissioner-designate*. – Thank you for this question. First of all, we are indeed fully aware of the sensitivity of the agricultural sector in our free trade agreements. But I would also emphasise that we have a substantial offensive interest in this area because, if you look at the agricultural goods and processed agricultural goods, on the whole Europe is actually running a trade surplus in this area. So it is also something worth combining.

We are very careful how we are opening up our market, using tariff rate quotas, ensuring that sanitary and phytosanitary standards are fully complied with not only in words but also in deeds. When we discuss imports, up to 100% sanitary and phytosanitary physical checks are done on the consignments when they arrive in Europe to uphold our standards.

Specifically on Canada, indeed our audits also found that there are deficiencies related to the traceability system and hygiene standards. Canada suspended exports from two establishments that were found to be non-compliant, and also the Canadian Food Inspection Agency conducted a reassessment of all EU-listed slaughterhouses and cutting plants to ensure that establishments which are actually exporting to the EU are fully compliant with Canadian and EU requirements. There is a segregated system to ensure that animals that have never been treated with hormones, or in other ways prohibited in the EU, are eligible for the EU market.

In any case, we need to stay vigilant on this. We need to ensure that EU standards are upheld and we will be very strict in this area.

1-052-0000

Virginie Joron (ID). – Je vous remercie pour ces précisions. Le Parlement de Chypre a voté en août 2020 contre la ratification du CETA, donc le CETA ne devrait pas s'appliquer car les 27 États membres doivent tous ratifier cet accord. Chypre a dit non car le Canada ne reconnaît que 143 IGP européennes sur 3 000. Le Figaro, dans un article intéressant, rapporte qu'il y a du jambon de Parme et du parmesan canadiens.

Comme vous le savez, la Commission ignore les référendums. Le peuple vote mal, on le fait revoter: la Norvège en 1972, le Danemark en 1992, la France et les Pays-Bas en 2005, l'Irlande en 2001 et en 2008 et la Grèce en 2015. Pire, Bruxelles enfreint ses propres règles, elle emprunte des centaines de milliards, elle continue d'employer du personnel anglais après le Brexit, elle publie son pacte migratoire sans traduction et le Parlement siège à Bruxelles, au lieu de Strasbourg. Dans le passé, le commissaire au commerce était la voix de Londres et ce démissionnaire n'a rien déduit du choix démocratique chypriote. Vous serez donc la voix des Européens demain, alors allez -vous profiter du non chypriote pour renégocier cet accord?

1-053-0000

Valdis Dombrovskis, *Commissioner-designate*. – Not all of your questions fall under Trade Commissioner competences – for example where the European Parliament is convening. I assume it falls under the competence of the European Parliament.

As regards the Comprehensive and Economic Trade Agreement (CETA), CETA is currently in provisional application and recently, actually it has been three years since, and the ratification procedure is very clear that Member States are to notify definitive failure to ratify the agreement, and then the issue comes back at EU level. Currently, Cyprus has not notified the Commission on definitive failure to ratify the agreement, and has not indicated that that kind of notification would be coming from Cyprus; correspondingly CETA continues to be in provisional application.

1-054-0000

Raphaël Glucksmann (S&D). – Monsieur le Vice-président, au moment où nous parlons, des millions de Ouïgours sont parqués dans des camps en Chine, des dizaines de milliers d'entre eux

sont exploités au profit des plus grandes marques mondiales. Voilà comment sont produites nos chemises Uniqlo ou nos chaussures Nike, et voilà ce qui doit cesser. Alors comment, concrètement, allez-vous aider à la mise en place par des mesures commerciales de ce devoir de vigilance européen qui est absolument nécessaire pour rendre les multinationales responsables des violations des droits humains, des violations des droits environnementaux ou sociaux sur l'ensemble de leur chaîne de valeur? Qu'envisagez-vous comme pas concret: la mise en place de listes noires d'entreprises qui ne respecteraient pas ce devoir de vigilance? Ou des tarifs douaniers? Merci d'entrer dans le détail.

1-055-0000

Valdis Dombrovskis, *Commissioner-designate*. – Thank you for this question. First of all, it must be said that we are gravely concerned by the treatment of Uighurs, and we call on China to respect human rights. This is something which the EU has made very forcefully, including in the latest EU-China summit, where EU leaders have been very clear on this issue, and we continue to raise it both in bilateral meetings and international fora.

Then, when we now come closer to trade, combating forced labour is a priority for the EU. It's part of the relevant ILO conventions and something which we would need to follow through. So also when we discussed a comprehensive agreement on investment, this investment will have to respect ILO conventions on forced labour.

Then, when we look specifically on sourcing of goods, we also must look at the supply chains and that's where the proposal on compulsory due diligence would come in. As I said, Commissioner Reynders is the lead in this work, but trade is closely associated and we will work together on this so that we ensure that all the risks and impacts are assessed through the supply chain and goods stemming from forced labour are not entering the EU market.

Finally, let me mention also the sanction framework for breaches of human rights – something I helped put in place in my current capacity. Well, some are calling it the EU's Magnitsky Act, something which can activate swiftly. This is more like a sanctions regime on authorities imposing travel bans on individuals, asset freezes, prohibition to make funds available, both to individuals and entities. So the proposal is ready and hopefully we'll be able to make quick progress on this.

1-056-0000

Raphaël Glucksmann (S&D). – Merci beaucoup pour votre réponse. Qu'est-ce qui, en attendant la mise en place de ce devoir de vigilance, permet aujourd'hui, dans les instruments de la politique commerciale européenne, de ne plus importer ou de sanctionner les entreprises qui utilisent du travail forcé? Vous avez vu qu'aux États-Unis, par exemple, la Chambre des représentants a décidé de bannir l'importation de tout produit textile utilisant les travailleurs forcés ouïgours. Est-ce qu'une législation ou une décision similaire est possible en Europe? Est-ce que vous pouvez, par exemple, utiliser notre législation anti-dumping révisée, qui tient désormais compte des droits environnementaux, sociaux et humains, pour faire en sorte que, lorsque l'on va s'habiller dans un magasin en Europe, on ne porte pas sur soi le travail forcé, l'esclavage de populations à l'autre bout du monde?

1-057-0000

Valdis Dombrovskis, *Commissioner-designate*. – Certainly there are things we can do also within the current framework, as abolishing forced labour is one of the clear principles of the WTO, so it's according to the WTO rules, it's according to the rules we negotiate bilaterally. Our agreement on investment is still subject to negotiation with China so we must see how we can apply WTO rules there, but in any case it's important to have proper information on supply chains to be able to trace particular goods to forced labour, and something we are willing to work on, and clearly, as I said, combating forced labour is a priority for the EU.

1-058-0000

Anna Cavazzini (Verts/ALE). – Thank you Mr Vice-President. We are in a climate crisis and you pledged to ensure that trade deals are compatible with the green transition and I really much welcome this. But you also said the Paris Agreement will only be an essential element in future deals. For us this is too late. We are already negotiating with almost the entire world. So my first question is, will you ensure that also ongoing negotiations like that with New Zealand take up climate protection and other sustainability issues like the precautionary principle, and will you assess the climate impact of existing trade agreements and possibly organise a review process?

One example of a climate-adverse deal is the Mercosur Agreement. A lot of my colleagues mentioned it already, you also talked about it. The experts are clear. The Mercosur Agreement will lead to increased deforestation and also millions of additional tons of CO₂ emissions. So my second question to you is, do you agree that as it stands the Mercosur Agreement cannot be ratified and, to be very clear, our environmental and climate concerns will not be meaningfully addressed by an annex or any non-binding interpretive declaration. Are you prepared to reopen the negotiations in order to bring enforceable climate, environmental and social provisions?

1-059-0000

Valdis Dombrovskis, Commissioner-designate. – Thank you for those questions. So first, on the Paris Agreement being an essential element in free trade agreements. This is something which we must request for negotiating directives, so that is in a sense indeed future-looking. We already have it in the case of the UK and the Commission will seek it also for all future deals. We already have TSD chapters, including on commitments of the Paris Agreement, including in Mercosur – I'll come to this – including on what we are currently negotiating with New Zealand and Australia, but as I said I am open to explore whether we can already have more, so to say, enforceable or gradually enforceable TSD chapters, for example in our negotiations with New Zealand.

Whether we can use a review of our trade deals to strengthen the TSD chapter, to strengthen the Paris commitments? Yes this is something we can do. For example, this is what we are considering in the upcoming review of the general system of preferences, to make a very clear link with respect for the Paris Agreement.

Then on Mercosur. Well on Mercosur I think we had already been clear that we will need something real, something which is being implemented, in order to move forward with ratification. So as it stands now, we will not put forward this ratification and I think even if we were to do so we would not be able to succeed. I listened to what you are saying here. I listen to Member States and I think it's very clear, and exactly, we must be clear that this agreement does not facilitate reforestation.

Of course there is also some homework we need to do in the EU. We have already a regulation to prevent entry into the EU of illegally harvested timber, but as part of the Green Deal the Commission will put forward also a legislative proposal next year aiming to ensure that EU demand for other commodities also does not originate from deforested areas.

So this is something which we need to do at EU level and definitely we need to engage with Mercosur countries, first and foremost Brazil, and informally the Commission has already started to do so, to see what meaningful commitment we can have from Mercosur countries and how we indeed can avoid that there are risks for deforestation, because I think we all agree that we want to avoid it.

1-060-0000

Anna Cavazzini (Verts/ALE). – Indeed, I have some follow-up questions, but thank you for your clear answers. Just to reiterate my question, you will not reopen the negotiations? This is a very

precise question. Then can you elaborate a little bit more what are exactly your plans on this WTO climate initiative? I didn't quite understand that. My last follow-up question is on climate again. You know that almost 100 Members of this Parliament have asked you to ensure the removal of fossil fuel protection off the Energy Charter Treaty. So I ask you directly, will you propose to exclude fossil fuel protection off the Energy Charter Treaty, and also exactly how long will you negotiate? If there is no progress in the reform negotiations, when will you explore some exit possibilities?

1-061-0000

Valdis Dombrovskis, *Commissioner-designate*. – Okay, I will be very telegraphic because three questions in one minute... So first, on re-opening of Mercosur. Well that would not be the most straightforward course of action. Twenty years we negotiated it. If we conclude and the first thing we do is throw it out and say now we want to renegotiate everything, then I think we also lose credibility as an international partner.

But we will be very clear on pre-ratification commitments, and by the way we achieved good results, for example, in Vietnam in this regard, including by the active participation of Parliament and the Committee on Trade (INTA). Vietnam has made quite substantial labour market reforms in order to be compliant with ILO Conventions, so it's doable also through pre-ratification commitments and that's what we are exploring.

Trade and climate initiative: as I said, building on the initiative of environmental goods, which unfortunately stalled so we want to expand it not only for goods but also from services, and revitalise it and to have something like proposals, something on the table already for the next Ministerial Council. So we will be working with like-minded countries, with the so-called FAST Group, with the Ottawa Group, and seeking to revitalise this workstream and have concrete proposals for a Ministerial.

Energy Charter Treaty: indeed, that's a main aim why we want a reform of the Energy Charter Treaty, to allow members to phase out the protection of investment in fossil fuels, that's the main aim of the reform.

1-062-0000

Sven Simon (PPE). – I really share your view on the Mercosur Agreement. Many things have been said here, but not everything was true, what colleagues said. For example, Bolsonaro several times said that he will leave the Paris Agreement without the Mercosur Agreement. Our colleague Cavazzini, what you said about the experts being clear, well yes the experts are clear when you see the sustainable impact assessment of the Commission and the LSE.

I believe there is more at stake than just a single treaty or document. When we talk about this agreement we are talking about our place as Europeans in the world. I am deeply convinced that we Europeans have the choice to either play a role with trade agreements or no role at all. Others will fill the gap.

I would like to ask you to do much more to explain why we need those agreements, and my question is on the WTO. Commissioner Hogan introduced a new and pragmatic approach on the WTO with the assertion that some criticisms by the US are legally grounded. Do you share his analysis? In conclusion, are you committed to find a solution on the dispute settlement mechanism? On this premise, what exactly will you do?

1-063-0000

Valdis Dombrovskis, *Commissioner-delegate*. – First, on the Mercosur Agreement. We already, of course, are discussing a lot, but it's true that the Mercosur Agreement is the first agreement which Mercosur countries have with a global partner, so if we are to ratify it, we would also have

substantial first-mover advantage. Clearly, it has also geopolitical implications. As I said at the beginning, Europe can only help influence if it engages with partners. If we walk away, we are not exercising any importance. But I think it's also clear what are the concerns on deforestation, on Paris, and we need to address those concerns, and that's what I intend to do.

Then on the second question, on the WTO dispute settlement mechanism: if you look at the US approach, there is some basis for criticism, including the length of the dispute settlement proceedings. We mentioned briefly today that Airbus-Boeing took 15 years to have this settlement, and the world is now very different from what it was 15 years ago. So there is a basis for criticism. But in any case, from the European Union side, we need a binding, two-step dispute settlement system, including restoration of the functioning of the appellate body. We are ready to engage with the US to discuss how exactly this appellate body should look and address the shortcomings which we agree exist in the way this settlement system was functioning before. That's something we are ready to work on.

1-064-0000

Jan Zahradil (ECR). – I would like to draw attention once again to Asia, because I feel that it is a centre of economic growth and also of trade in the future. Let me ask two questions, one on China, which has been mentioned several times already. China is, of course, a difficult partner. We all know that, but I don't think that we can afford to lose the Chinese market when China is a trade partner. Therefore, we have no reason to follow this very, I would say, confrontational pathway of the United States. There is an investment agreement in the pipeline. My question is: how do you see the timetable of the possibility to finalise those negotiations, and what are your ideas beyond that particular agreement? What are your ideas on how we can proceed with China even further?

Secondly, we also have the ASEAN countries. Some of them are in fact challenging China to some extent. We have a free trade agreement, an investment agreement, with at least one of them, which is Vietnam. What would be your trade strategy towards ASEAN countries in the future? How do you think we should handle this particularly interesting and important bunch of countries?

1-065-0000

Valdis Dombrovskis, Commissioner-designate. – First, regarding the timetable for a comprehensive agreement on investment, the 2019 EU-China summit put forward the aim of reaching an agreement by the end of 2020. Actually, China has repeatedly reiterated its willingness to conclude the agreement by the end of 2020.

From our side, we are of course open to this, but we emphasise substance over deadlines. This means that we need to see a significant rebalancing of our economic relations and so significant movement from China on market access to be able to conclude this agreement. We don't need just any agreement; we need an agreement which helps us to rebalance our economic relationship. So, if we are able to conclude this year, that would be excellent, but we need to see what is really there in substance.

Then, as regards engagement with Asian countries, this is something which we are actively pursuing. For example, we are negotiating a free trade agreement (FTA) with Indonesia, which is the largest and most populated country in Asia. Negotiations are, however, moving relatively slowly. There are certain trade irritants; for example, we would expect the Indonesian Government to cease blocking the import of EU alcoholic beverages in response to the EU's renewable energy policy, which they perceive to be discriminatory towards palm oil-based biofuels. So, there are certain irritants, but we are engaging with Asian countries. We have FTAs with Vietnam and Singapore. We are negotiating with others. There is also some interest in having some kind of a regional EU-Asian FTA, but I would say that so far there has been relatively little

convergence on what the scope and ambition of this agreement should be. So, probably for the time being, we will continue work on a bilateral basis.

1-066-0000

Samira Rafaela (Renew). –Good afternoon, Commissioner Dombrovskis. I would like to ask you about the image of international trade. Over the last few years, ratification of EU trade and investment agreements like CETA and Mercosur has come under increased scrutiny and is facing difficulties in national parliaments.

In the view of Renew Europe, the image we need to portray is that trade delivers: trade delivers for jobs, for the environment and for human rights. So in light of this, what will you do in your new position to address this and to enhance the image of international trade?

For example, how will you use the newly-created position of chief trade enforcement officer to demonstrate that trade does indeed deliver to achieve our objectives and that our partners play by the rules?

Do you see a role for the Chief Trade Enforcement Officer in pre-ratification talks?

1-067-0000

Valdis Dombrovskis, Commissioner-designate. – First, on the image of international trade. Indeed, this is something we need to work on and something which is very much in our interests, because even if you look at this issue mathematically, the EU is running a substantial trade surplus, so disengaging from the world can only lower the economic development in the EU and can only lower our prosperity. This is, I think, not an option. We indeed need to be able to explain better how trade is delivering and addressing shortcomings where there are shortcomings.

You mentioned the Chief Trade Enforcement Officer. I think this will be an important element because it will add more systematicity in how we are enforcing our trade deals, how we are removing barriers to trade for European companies. While this is something we are already doing, I think we will be able to do it more systematically and more forcefully. It will bring real benefits to the companies, while the role of a CTEO in pre-ratification is something to be explored, I would say, because in a sense first you need to have an agreement in order to enforce it. But this is something, which definitely can be explored.

And then we need to communicate also to European companies, especially SMEs, how they can derive benefits from international trade and that's where, for example, our Access to Markets portal will come in place to provide this information in accessible form in all EU languages, and again focusing on SMEs.

So there is work to do, but I would say this is work very much in our own interests, both economically and if we are to project our values and our approach internationally.

1-068-0000

Samira Rafaela (Renew). – Thank you for your answers. I have a follow-up. In my view, one of the ways to improve the image of trade is by showing that it can deliver fairly for all. Currently women are not getting their fair share of the benefits international trade brings. According to figures from the Commission women fill less than 40% of jobs generated by international trade. So, currently, if you are the Commissioner for an economy that works for people, under your new rule are you going to ensure the trade is fair and also works for women. Concretely, will you do this by including ambitious agenda and trade chapters in every new and modernised agreement, and will that be a 'yes' or a 'no'.

1-069-0000

Valdis Dombrovskis, *Commissioner-designate*. – Trade and gender is already part of trade and sustainable development chapters, notably through the provisions on non-discrimination, but certainly we must do more in this area. DG Trade is doing a study on women's participation on trade, well focussed on trade in goods, so in a sense we have data on which we base our work. We will have a follow-up then also on women's participation in trade also with a focus on services.

We are deepening the gender analysis on our sustainability impact assessments and we are working in the multilateral area. So basically we are active in working on the Buenos Aires Declaration for trade and women's economic empowerment in a WTO framework. Talking about dedicated chapters for trade and gender, we currently have a dedicated chapter being negotiated in the EU-Chile Association Agreement, and indeed I think that can help serve as a good example, also for other trade agreements.

This is an area which we will strengthen and it will be a part of broader work, because we will prepare an EU gender action plan for 2021-2025 for external relations, and trade will be an important component also there.

1-070-0000

Udo Bullmann (S&D). – (*inaudible*) hearing speaks a clear language. We need a new chapter in the EU's trade policy and we have to put Sustainable Development Goals (SDGs) in the focus point, and the second element for me is that we need enforceability of the improvements of our agreements. So please let me know what do you see in your toolbox as the Commissioner for Trade? What kind of instruments will you use to strengthen the enforceability?

For instance on GSP: if partner countries do not commit themselves to what they have promised, do you stand ready to withdraw the status? Or if you look at Africa, we only have 5% of imports in our internal market but 50% of the beneficiaries of the GSP. What can we do to improve the countries' abilities to live up to their challenges?

1-071-0000

Valdis Dombrovskis, *Commissioner-designate*. – On the enforceability of trade and sustainable development, we already discussed this topic a lot. Concerning existing arrangements, we are now working to ensure a more systemic approach through the Chief Trade Enforcement Officer, so that it actually comes faster and in a more systemic way, also with a single access point to file complaints on concerns, including for civil society. So there is a clear pathway for how to raise issues concerning TSD chapters in the Member States.

So, more systemic enforcement with the help of the Chief Trade Enforcement Officer. We are discussing how we can take it forward, and once again, I would refer to this Franco-Dutch paper, which seems to provide some good avenues to explore. As I said, we will be accelerating the review of our TSD action plan, and we will be making a dedicated study to explore ways how we also can link it with, say, tariff reductions.

On GSP, we will certainly strengthen the link with sustainability, including the Paris Agreement, in the review of the GSP next year. Whether we are ready to withdraw GSP preferences – well, there are some precedents. I can refer you to Cambodia, for example, but there we see it more like a last resort, if we are not able to engage and not able to get meaningful results. Because with GSP we talk about developing countries, we talk about the least-developed countries, and clearly we need to be cautious of our approach and mindful also of the socio-economic consequences.

1-072-0000

Udo Bullmann (S&D). – Let's have a closer look at the SDG 15: Life on Land. We know the Commission will come forward with a due diligence proposal for the forestry sector: an important

step forward. How do you work that into the Mercosur, for instance, where we have big problems, especially in this sector?

I hear from PPE fellow colleagues very often: well, be careful, you cannot put all the burden on the corporates, on private enterprises. But that means immediately you have to raise the standards in the agreements, and I would like to come back to enforceability. Enforceability is something different than meaningful talk and is also something different than observation and mediation. So how do you improve the Mercosur here? And how do you serve on the due diligence as well as on the improved – hopefully improved – standards of the Mercosur to safeguard enforceability when it comes to forestry?

1-073-0000

Valdis Dombrovskis, *Commissioner-designate*. – On Mercosur, as discussed, we will have to concentrate on pre-ratification commitments. I think that is the most realistic way forward. We'll have to see whether the Mercosur countries, especially Brazil, are ready to come with clear commitments in this area so that we see a tangible improvement on the ground as regards deforestation.

On enforcement, I have already mentioned that we will be coming with a dedicated compulsory due diligence proposal in the first half of next year, which is more of a horizontal proposal. In the context of deforestation, we will come with a legislative proposal basically ensuring that the EU's supply of commodities does not originate from deforested areas. So, it will not be Mercosur-specific, but will be horizontal EU legislation, and, as you know, we already have a regulation in place to prevent the entry of illegally harvested timber into the EU.

There are certain things that we can do horizontally which will be very relevant in the context of Mercosur, and we will need to work through pre-ratification commitments to get tangible improvements in the case of Mercosur.

1-074-0000

Angelika Winzig (PPE). – Executive Vice-President do you see a security risk linked to strategic investment at Member State level by coercive international actors, and can you find a correlation between economic dependencies that are exploited for political purposes and thus undermine EU cohesion and unity when it comes to important policy decisions?

1-075-0000

Valdis Dombrovskis, *Commissioner-designate*. – Yes, on the question of coercive actions by third countries, once again we are coming to our trade defence toolkit and we have now a number of elements already in place and we need to, so to say, further them. But concerning specifically coercive action by third countries, which we understand is action by third countries which takes place outside of the WTO framework – basically breaking WTO rules – the Commission will propose a dedicated anti-coercion tool as a legislative proposal next year to allow that the EU is able to react effectively to that kind of action. Indeed, this may be protectionist action in some cases, but in other cases it also may be pursuing certain political goals, including undermining EU unity, and correspondingly we need to be able to react against that kind of action and we need to protect the sectors and companies targeted. For this we also need to be able to utilise effectively our trade defence toolkit. Once again, we have discussed this quite extensively.

1-076-0000

Angelika Winzig (PPE). – In the context of the role of international trade in the post-pandemic recovery and the increased resilience, the concept of 'nearshoring' has also been debated.

Do you see scope for such an approach in our approach of open strategic economic autonomy, and do you see a link and synergy here with our neighbourhood policy?

1-077-0000

Valdis Dombrovskis, *Commissioner-designate*. – Yes indeed, when we are discussing open strategic autonomy, when we are discussing the resilience of the EU economy, one of the lessons learned from this crisis is the question of the resilience of supply chains and what we need to do to avoid a situation where we are depending on a single supplier or single supplier country of critical goods, like medical supplies during the COVID-19 crisis, which clearly exposed this weakness.

We are currently working on strengthening this economic resilience and we are looking at different options. Onshoring, nearshoring, stockpiling, diversifying, shortening supply chains, this is a whole toolkit which we can explore, and indeed there may be comparable advantages in a number of cases for nearshoring which may also benefit our neighbouring countries. So that's certainly an avenue to explore.

But it's also worth noting that at the end of the day, those decisions are the decisions of a concrete economic operator, so then we need to see how this interaction between the public and private sector is happening exactly.

1-078-0000

Emmanuel Maurel (GUE/NGL). – Monsieur le Président, Monsieur le Commissaire désigné, je pense que nous avons tous ici la conviction qu'il faut que l'Europe se fasse respecter en matière commerciale.

Ce n'est pas toujours le cas. Je prends un exemple, qui a déjà été évoqué mais j'y reviens: l'extraterritorialité du droit américain. Il y a deux ans, devant le Parlement européen, vous étiez sceptique sur le dispositif par rapport à l'Iran et les sanctions américaines. Deux ans après, quand on voit le résultat de l'Instex, vous aviez raison, aucun résultat. Ma première question est donc: comment fait-on concrètement pour se faire respecter, parce que c'est une question de souveraineté, mais aussi une question de crédibilité?

Deuxième question, il y a quelque chose dont on ne parle quasiment jamais entre nous, alors que c'est une pratique illégale, trompeuse et mensongère. Il s'agit de la contrefaçon. La contrefaçon, c'est 85 milliards d'euros qui sont perdus pour les entreprises européennes, c'est des emplois détruits et c'est des PME qui sont en faillite. Alors, concrètement, que fait-on en termes de prévention, de détection et de répression? Parce que, pour l'instant, l'arsenal européen est nul.

Dernière question, vous avez évoqué le SPG. Il y a quelques semaines, le Parlement européen a voté quasiment unanimement une résolution très ferme sur les Philippines et les SPG+, et on n'a pas eu de réponse de la Commission. Vous êtes là, on vous attend.

1-079-0000

Valdis Dombrovskis, *Commissioner-designate*. – Thank you very much for these questions. So, first, on the extra-territorial effects of the third country sanctions. This is definitely a concern, as you know the EU does not recognise the extra-territorial legality of extra-territorial sanctions of third countries. We consider them contrary to international law and we have a blocking statute as a main instrument to protect our economic operators, preventing the enforcement in the EU of any US judgement for example, and allowing EU economic operators also, via its clawback clause to recover damages against US economic operators.

We continue to strengthen the EU's stance, the EU's resilience, vis-à-vis extra-territorial sanctions. This is going to be part of our communication, well according to the current planning we are going to publish in December, which concerns the strengthening of the EU's economic sovereignty or autonomy – there is still a bit of a debate on the terminology but certainly this element will be an important element there.

Then on the question of counterfeiting, that's indeed a serious concern. That is why all our trade agreements have provisions which aim at effective enforcement and protection of intellectual property rights. That's why we have agreements on the protection of geographical indications and that's why we also are having follow-ups through counterfeit and piracy-watch lists, where we see which operators engage, facilitate or benefit from counterfeiting in a repeated way. And we are having dedicated intellectual property dialogues with priority countries, including China where, as I said, most of the counterfeit goods are coming from, and also having technical cooperation programmes with a number of countries in this area.

Finally your question on GSP+ in the case of the Philippines. This is something I'm ready to look into and come back and see what course of action the European Commission can propose in this regard.

1-080-0000

Emmanuel Maurel (GUE/NGL). – Oui, j'ai une question de suivi. Vous dites qu'il y a des dispositifs pour lutter contre la contrefaçon. Manifestement, ils ne sont pas très efficaces, parce que les importations contrefaites en Europe sont passées de plus 3,9 % en 2013 à plus 7 % en 2019. Il y a donc un problème. Vous parlez de la Chine, c'est très intéressant, parce que nous nous apprêtons à passer un accord de protection des investissements avec la Chine. On sait très bien qu'il y a en Chine des milliers d'usines qui ne font que de la contrefaçon, qui sont dédiées à cela. Donc, comment fait-on? Ne pourrait-on pas au moins envisager, dans le cadre de vos discussions fructueuses, j'en suis sûr, avec les Chinois, même si je rejoins la préoccupation de M. Glucksmann, notamment sur le travail forcé et les droits de l'homme, un chapitre clair sur la contrefaçon? Quand on voit comment elle est utilisée notamment par le e-commerce comme Alibaba, c'est une préoccupation.

En ce qui concerne l'extraterritorialité, est-ce que le problème ne vient pas non plus du fait que l'Union européenne paye plus de 80 % de sa facture énergétique en dollars américains? Enfin, je sais que vous avez siégé à l'Eurogroupe, peut-être y siégez-vous encore. Comment améliore-t-on le rôle international de l'euro en matière commerciale? Parce que cela me paraît totalement fondamental pour les années à venir.

1-081-0000

Valdis Dombrovskis, Commissioner-designate. – Very briefly, well on counterfeiting, of course it's a major problem. It's of course also an enforcement problem of the protection of our external border and the work of customs obviously and, as I said, in terms of intellectual property we have dedicated intellectual property dialogues with the most, well 'priority' – we call them 'priority' – countries, and China is definitely among them because 80% of seizures of counterfeit and pirated goods come from China and Hong Kong. So this is definitely a problem and we will continue to put pressure in this regard.

On the US dollar and the international role of the euro. Well, I have been working on the question of strengthening the international role of the euro already for some years, we will be coming with, as I mentioned, the communication on the EU's economic sovereignty or autonomy, where strengthening the international role of the euro will be also featuring, following the communication which we put forward already in the previous Commission. We're looking at different areas on how we can facilitate use of euros in international trade, how we can facilitate it in development cooperation, how we can facilitate it as a means of saving, how we can facilitate it in international payments. We are working on all those avenues, because we believe that a stronger international role of the euro is for the benefit of Europe, and also internationally, to have a more diversified currency system.

1-082-0000

Carles Puigdemont i Casamajó (NI). – Good afternoon, Mr Dombrovskis. While the European trade policy surely is the greatest foreign policy instrument we have to export democracy around the world, which is why it is so important to be consistent and defend democracy, the rule of law, human rights within the EU, we don't do it enough. It is my opinion, but we are here in order to listen to your opinion, your commitment. You mentioned that human rights was not as strong as some of us expected, but I want to insist on this. What concrete measures will the Commission take to ensure that goods produced or originated through human rights violations are not traded in Europe or are sold by European companies?

1-083-0000

Valdis Dombrovskis, Commissioner-designate. – Thank you for this question. On human rights violations, I think the European Commission's and the EU's position is very clear. We need to counter human rights violations. I mentioned the human rights sanctions mechanism, which has basically already been prepared within the European Commission, something I have been doing in my current capacity. So hopefully we will be able, as the Commission, to soon move forward with this human rights sanctions mechanism.

Trade policy definitely has an important role to play. That's why we are insisting in negotiations with our international partners that human rights are respected, as well as key ILO Conventions concerning labour markets and labour rights. Obviously, things like forced labour or child labour need to be eliminated.

As also already mentioned, the Commission is currently working on a compulsory due diligence proposal, which will oblige EU companies to know their value chain and to ensure that they are not sourcing goods or commodities which have been derived with the violation of human rights. So this will be another concrete instrument for how we will enforce this area.

1-084-0000

Carles Puigdemont i Casamajó (NI). – Thank you very much for your words and for your question and answer.

I specifically want to know exactly what measures the Commission will take with those countries or companies that trade but hold political prisoners or pursue dissidents within their territories.

1-085-0000

Valdis Dombrovskis, Commissioner-designate. – Well, that leads us back to this trade and human rights question, and there are concrete examples that when we see human rights relations in different forms we have a possibility also to react. Well, first of all, as I said, to not source goods or commodities which are coming from human rights violations. In situations where we grant unilateral trade preferences, we can suspend those unilateral trade preferences. We have just discussed the General System of Preferences and the situation in Cambodia, for example.

And, of course, as a last resort we can suspend our free trade agreements with third countries violating human rights. There, of course, we always see that we need to engage, we need to put pressure on our partners and resort to that kind of last measures only indeed as a last resort.

1-086-0000

Seán Kelly (PPE). – I am delighted to be with you, having sat alongside you when you were leader of the Latvian delegation in the EPP Group. I know of your ability and, of course, as a former prime minister, you are well equipped to do this job. While we are sad that Mr Hogan is no longer in the position, I think Ireland would think of nobody more suited to take the role than you, and you have shown that indeed in the very strong performance you have given here today. I'm particularly pleased that you emphasised the importance of commitments to trade enforcements,

to the Paris Agreement, in everything we do in relation to trade and also trying to help SMEs with new markets. (*Inaudible passage*) because of your work for green financing.

I was going to ask you a long question on China, but others have asked you that and I think you answered it in a very comprehensive way. No doubt, the EU-China relationship is at an important strategic crossroads but, in the broader sense, wearing my rapporteur hat for the ASEAN region, how do you go about trade and investment relations with the wider ASEAN region? You mentioned places like Vietnam, Singapore and Indonesia, but I would be interested in the wider area.

1-087-0000

Valdis Dombrovskis, *Commissioner-designate*. – You raised a number of important points on trade enforcement, on how to improve the possibilities for our SMEs to derive benefits from trade agreements. I think those are all important workstreams. When we discuss specifically negotiations with ASEAN countries, negotiations are ongoing with Indonesia – I already mentioned that there are certain trade irritants. There are also certain issues which are currently holding back negotiations with Malaysia and Thailand, for example. So in a sense we need to continue this engagement and see how we can unblock those situations and continue those free trade negotiations.

I also mentioned the question of a region-to-region free trade agreement. There are some discussions, but there is not too much convergence so far between the two sides, and also, actually, within the ASEAN Group on a number of issues – what exactly is to be covered, especially issues like services, investment, public procurement, trade and sustainable development – all the issues which modern free trade agreements are including. But I agree that this is an important region, and we will continue engagement with it.

1-088-0000

Seán Kelly (PPE). – Thank you for your very clear answer. Now, the difficult part of the Chinese question is, of course, Taiwan. In efforts to diversify our economic trade relations with international and like-minded partners, what is your take on the commencement of preparations for negotiations on a new Taiwan investment agreement?

1-089-0000

Valdis Dombrovskis, *Commissioner-designate*. – We already briefly discussed Taiwan. We remain in close dialogue on investment with Taiwan. I have already mentioned that just 10 days ago we had a major European investment forum – actually the first European investment forum in Taiwan organised by the European Economic and Trade Office. It was well attended, with 1 400 participants, so I think that shows strong engagement also from the EU side.

On negotiating agreements, I think what is important here is also the right sequencing. The immediate priority is to finalise the investment agreement with China – something we are doing – and once there is more clarity about the investment agreement with China, and especially its actual content, we may have an opportunity then to consider developing a coherent set of investment rules applying to the European investors in the region.

1-090-0000

Marek Belka (S&D). – I have two questions. The first is about Brexit. Are we strategically ready for a 'no deal'? What are, in your opinion, the possible scenarios the United Kingdom might pursue? What will be the possible consequences for the single market and how can we prepare ourselves? This is all one question really.

And allow me a slightly philosophical second question concerning your portfolio, or more precisely the workload you are going to embrace. As the Commission's representative to the

Eurogroup, you will have to deal with financial issues, on top of monetary issues of course, but hardly with trade issues. In consequence, in my opinion, you will have to be very deeply engaged in what you have been doing up until now, in financial issues. You will take up a very time-consuming, heavy, trade portfolio, but you will in fact retain the old one, even with the help of Commissioner McGuinness.

Is it possible to have two, or maybe even three, full-time jobs simultaneously?

1-091-0000

Valdis Dombrovskis, *Commissioner-designate*. – So on the first question on Brexit. Well, first of all, of course it's in both sides' interests that we actually reach an agreement, and that we have a close trade relationship.

That's what we are currently working on – well it's the UK Task Force which is in the lead, but once again Trade is very closely associated. Actually, this month is critical. We need to reach an agreement this month and we will be working very intensively on this.

We know the sticking points: questions concerning the level playing field for example, questions concerning fisheries. More progress will be needed on those, and there is an additional issue of the Internal Market Bill.

Both the European Commission and European Parliament have been very clear that respect of the Withdrawal Agreement is a prerequisite for our future relations. So the context, as you see, is not easy, but we will be working on this.

In parallel, we have also what we call a 'preparedness communication' which is updating information, or notices, to different sectors, different stakeholders, for different outcomes of the negotiations. So there is this preparedness communication for the case of a no-deal Brexit as well. So, yes, we cannot exclude any outcome, but we should be working for a positive outcome.

On the second question, on the workload. My role as an executive vice-president is to ensure coordination and strategic guidance in the economic field, and here I would say a direct and in-depth knowledge of trade aspects will be an additional positive aspect. We are discussing a lot how we are actually putting trade in a broader economic context, in a broader European policies context. Here my coordinating role as an executive vice-president can actually be a valuable asset.

Then, in terms of workload, I would say we have three executive vice-presidents and the structure is the same – a coordinating role as executive vice-president and one director-general in direct responsibility. In my case, it was Financial Stability, Financial Services and Capital Markets (FISMA) and now, with your confirmation, it is going to be Trade. At the same time, there is going to be a Commissioner for Financial Services who will work hands on for financial services.

Moreover, trade is already part of my cluster, so I am already working on trade issues in my current role and yes, you are right, FISMA will continue to be part of my cluster also in a coordinating role as an executive vice-president.

There, I would say that's the structure of how executive vice-presidents function. So far it seems that all three executive vice-presidents are managing this workload, and definitely I am committed to engage very actively and very strongly in trade policy.

1-092-0000

Marek Belka (S&D). – Well, if the aim is to integrate trade more into the general economic policy then you should basically add industrial policy to your portfolio, too – so that would make four full-time jobs.

1-093-0000

Valdis Dombrovskis, Commissioner-designate. – That is more a remark than a question. As regards industrial policy, it is Commissioner Breton who is working on industrial policy and, indeed, industrial policy is also part of economic policy. So if we look at the coordination of certain policy areas, there are aspects of industrial policy which are coordinated by Executive Vice-President Vestager, and there are aspects of industrial policy which are coordinated by me. But, in any case, I think it's important that we can have this coherent approach based on different economic policy areas.

1-094-0000

Marek Belka (S&D). – Let me just remark that this is not a criticism, it is a manifestation of my admiration.

1-095-0000

Saskia Bricmont (Verts/ALE). – Monsieur le Président, Monsieur Dombrovskis, vous avez plusieurs fois répété que la politique commerciale doit servir les intérêts de l'Union européenne, mais aussi assurer la protection de ses valeurs et de ses normes. On doit reconnaître que vos prédécesseurs avaient sans doute plus à cœur de conclure des accords commerciaux que d'assurer le respect de leurs clauses sociales et environnementales, et je pense sérieusement que l'Union européenne dévie aujourd'hui de ses valeurs. Et pour assurer sa crédibilité, j'ai besoin vraiment de votre part de réponses concrètes sur quelques points.

Qu'est-ce qui vous permet d'affirmer que le commerce a créé une dynamique positive avec le Vietnam, qui serait exemplaire en la matière? Combien de violations des droits humains, de procès inéquitables ou de condamnations à mort faut-il attendre pour que vous activiez sans tarder la clause sur les droits humains, qui existe dans l'accord de partenariat, et dont vous avez par ailleurs parlé? Vous avez aussi parlé de la possibilité de prendre des mesures unilatérales et d'interdire l'accès au marché intérieur de produits fabriqués issus du travail forcé. Avec la Chine, je pense qu'il est grand temps d'arrêter d'explorer les pistes, et qu'il est assez clair qu'elle s'assied sur les normes de l'OIT. Comptez-vous donc conditionner la négociation de l'accord sur les investissements et prendre des mesures unilatérales comme interdire l'accès au marché intérieur des produits fabriqués avec du travail forcé?

1-096-0000

Valdis Dombrovskis, Commissioner-designate. – Thank you for those questions. First you mentioned our free trade agreement with Vietnam. Of course, we have concerns regarding the human rights situation in Vietnam, including questions related to the freedom of the press, but of course we also see that there has been progress in recent decades, notably in the socio-economic domain, and this is partly also thanks to our engagement. We can only exercise influence if we engage; if we walk away we cannot exercise influence, and you already mentioned how this exercising of influence has been carried out, including our own pre-ratification commitments for Vietnam to ratify important ILO conventions, including on the abolition of forced labour. Vietnam has committed to ratifying the ILO Convention on the Freedom of Association in 2023. It has engaged in meaningful steps through its revised labour code on eradicating child labour, and all of this too has been achieved with the active engagement of the European Parliament and the INTA committee in this regard. So I think that shows that we can get positive results.

As for China, we already discussed and are currently negotiating our investment agreement, and there is going to be a TSD chapter in this investment agreement, among other things with a focus on the elimination of forced labour.

I think an important element will be our legislation on compulsory due diligence because then it will actually make companies ensure and be clear about where they are sourcing goods so that we can be sure that we definitely can prohibit goods on the EU market which originate from forced labour, among other things.

1-097-0000

Saskia Bricmont (Verts/ALE). – Je pense qu'en attendant la législation sur la responsabilité sociétale obligatoire des entreprises, on a des leviers d'action que la Commission devrait actionner.

Pour revenir au Vietnam, j'ai l'impression qu'on fait preuve de la même attitude: il y a beaucoup d'engagements, mais dans les faits, les droits de l'homme sont violés quotidiennement, et c'est la même chose avec la Chine. Ce sont des pays avec lesquels on continue à commercer et à investir, malgré tout. Donc, une fois de plus, je pense que nos valeurs sont franchement compromises.

J'ai une question supplémentaire dans la même direction, qui concerne le travail des enfants. Vous l'avez mentionné, et c'est un peu un mantra qui est répété depuis le début de ce mandat: il faut une tolérance zéro à l'égard du travail des enfants. Mais en attendant l'adoption et la mise en œuvre d'une législation, ne peut-on pas interdire l'importation de produits qui utilisent le travail des enfants?

1-098-0000

Valdis Dombrovskis, Commissioner-designate. – I agree with what you are saying – that those are areas which require further work and further improvement. But once again, we will only be able to get further improvement in these areas if we engage with those countries. We cannot get much improvement in countries where we are not engaging. Trade policy is an important element, and I am committed to working to ensure that trade policy can have a more forceful role here, including, as you said, eliminating goods from the EU market which come from child labour, which come from forced labour, and so on and so forth. But we must admit that trade is not the only instrument – it's a broader economic and political engagement on the part of the Member States which needs to take place, and trade has to play its rightful role in this area. I am committed to working to ensure that trade policy is more assertive on those human rights issues.

1-099-0000

Liesje Schreinemacher (Renew). – I would like to ask you about digital trade because I believe that as a community of values and the world's biggest exporter of services, the EU should set the standards in international rules and agreements on digital trade. We should make sure that the EU will not be left behind when it comes to new technologies and we will not be obliged to follow rules set by others. So my question is what can we expect from you in this domain? Are you committed to making the EU a global leader in setting digital trade standards? And will these be on a multilateral level or also in a free trade agreement as has been done in the agreement with Japan?

1-100-0000

Valdis Dombrovskis, Commissioner-designate. – Maybe let me start by reiterating the point that we must uphold our General Data Protection Regulation and personal data protection. We are not putting those up for negotiation in free trade agreements. So that's the first thing that it is important to emphasise.

Having said that, yes we absolutely need to engage on digital trade; we need to do so in the WTO e-commerce negotiations. As I mentioned in my introductory speech, this is going to be a priority. We need digital trade, we need cross-border data flows. Those are essential for European companies, especially in the context of the EU's Digital Agenda that we are putting forward.

Some key aspects of how we are seeing this: we are discussing in the WTO that the free flow of data should be insured; restrictions should be justified based on public security and public order, as legitimate policy objectives; restrictions have to be in line with international obligations, and the Commission will continue in its role of monitoring and addressing such restrictions in third countries; and, once again, these discussions need to be held without prejudice to EU personal data protection laws. So this is how we approach e-commerce negotiations at the WTO level.

Then bilaterally, yes we have digital trade chapters and digital trade points in our negotiations. I can mention, for example, New Zealand and Australia, where these feature very prominently. It will probably not be so much trade in goods given the geographical distance but more trade in services, including digital trade. So I think those are good examples of how we can approach those issues on a bilateral basis.

1-101-0000

Liesje Schreinemacher (Renew). – Thank you for your answer on this. I think besides personal data, one of the countries with which cooperation on digital trade would be obvious would be the US. As Ursula von der Leyen said in her State of the European Union address, we need new beginnings with old friends on both sides of the Atlantic and on both sides of the Channel. I'm happy that you agree that we should work on a more positive trade agenda with our US partners because I believe that too much potential remains untapped in our relations with the US. Do you also plan to work on broader and deeper cooperation with the US on digital trade and emerging technologies such as AI, thus going beyond tariff reductions and other Boeing-style disputes?

1-102-0000

Valdis Dombrovskis, Commissioner-designate. – Indeed, this is one of the areas of cooperation with the US which we are foreseeing: new technologies, digitally enabled services, and artificial intelligence which you mentioned. We are currently, on the Commission side, in contact with the US Government about the idea of having an EU-US Trade and Technology Council where we could really work and advance cooperation in those areas.

We know, of course, that there are also some problematic areas like where and how digital services should be taxed. And there, as you know, we are working in the OECD context on digital taxation. But in the absence of an international agreement we are ready to put forward our EU proposal because the economy is becoming more digital and digital companies are paying only one-third of the tax rate of classical companies. So it is becoming more and more of an issue for the Member States' tax revenues. It has to be taxed and I think that's the only logical answer. And there we have big concerns about US decisions to launch Section 301 investigations against a number of EU countries, and we are engaging with the US also on this to counter this tendency and to make sure that they are meaningfully engaging in the OECD context to have an international agreement on a digital tax. So we are very willing to cooperate with the US in this area. We will set up this Trade and Technology Council. But there are also some areas of tension, which would need to be resolved.

1-103-0000

Chair. – Thanks a lot. So now we are coming to the end of this gruelling exercise. Vice-President Dombrovskis, I give you the floor for some concluding remarks for a maximum of five minutes.

1-104-0000

Valdis Dombrovskis, Commissioner-designate. – Chair, honourable Members, first of all thank you very much for your questions and observations and thank you for the opportunity to describe my vision on a European trade agenda. I hope I have presented plans that will win not only your support but also full ownership and, if approved, I am committed to working closely with you. The timeline for starting this work is clear. The public consultation on the trade policy review ends on 15 November. When we have reviewed the findings I will come back to this committee to

discuss them with you and your views will be incorporated in the Commission's communication, which we intend to publish in early 2021.

The communication will set out trade policy directions that truly respond to the challenges and opportunities of the coming decade – Europe's green and digital decade. It will not be an easy task, but a task we can approach with confidence thanks to our many underlying strengths. Europe is a trusted global leader in the area of free and fair trade. Countries and regions around the world view Europe as a reliable and rewarding partner. This is why we have the best network of free trade agreements in the world, and this network can generate even more opportunities for European companies in the coming years, especially SMEs. This is a strong foundation on which to pursue our climate, digital and geopolitical priorities, too.

Europe's global leadership has not been built by lecturing or attempting to impose our point of view. We have succeeded at the negotiating table by looking our partners in the eyes and finding areas of mutual interest. This is how we can build coalitions for a lasting reform of the World Trade Organization. Global problems require global solutions. This is how we can work together to reach Paris climate targets and Sustainable Development Goals and, very importantly, this is how we can deliver sustainable recovery from COVID-19.

Honourable Members, I pledge to work with you to refresh our key global relationships and also develop new ones. We must revitalise the transatlantic relationship when Europe and the United States find a common purpose. We are a driving force for positive global change. We should work on China on issues of global importance, while at the same time levelling the playing field between us. We should strengthen our relations with our closest neighbours to the east and south and we should place greater focus on our neighbouring continent Africa.

We must strengthen our defence and enforcement; this is how Europe's trade policy will help to build a Europe that protects. We must remain a beacon of openness, but openness must always go hand-in-hand with fairness. Wherever necessary, we will reinforce our resilience and strategic autonomy and we will achieve this by working together.

To conclude, honourable Members, this is a very challenging time, but I am no stranger to providing leadership in a time of adversity. I became Prime Minister of Latvia at a time when our country needed a plan to emerge from the global financial crisis. I became Vice-President of the European Commission at a time when the EU needed our single currency and markets to work better for our people. So today, I am asking you for the opportunity to lead our European trade agenda in a time of great uncertainty. Working in close cooperation with you, my ambition is to drive forward a dynamic, fit-for-purpose trade agenda. That is what Europe needs and that is what we can deliver together.

1-105-0000

Chair. – Thanks a lot, Vice-President Dombrovskis. Without anticipating the result of the coordinators' meeting, I would personally thank you for answering the questions. To give concrete answers to the questions: that is not always the case. So thanks a lot for that.

(Applause)

The coordinators will meet at 17.00 to discuss the evaluation of the hearing.

(The hearing closed at 15.58)