

**Committee on International Trade (INTA)**

**European Parliament**

**Public Hearing on the EU's Future Trade and Investment Strategy**

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My overall assessment of the Commission communication is very positive. In my view, it is an intellectually solid and honest document.

I will divide my remarks in two parts: the trade policy (TP) strategy and the process of EU TP.

As far as the strategy is concerned, the document provides in my view the correct conceptual framework for the EU TP strategy at this point in time, acknowledging the centrality of global value chains (GVCs) for economic operators and trade policy and drawing the conclusion that "TP can no longer be approached from a narrow mercantilist angle".

The implication of the focus on GVCs is the acknowledgement that goods and services trade are closely intertwined, that people movement is important for trade and so is digital trade.

The document acknowledges that GVCs require "global rules" and that "the multilateral system must [therefore] remain the cornerstone of EU trade policy".

I agree that this means that "the WTO needs first to turn the page on the DDA".

I also agree that "Rebalancing the relative contribution of developed and emerging economies to the system is a key requirement to move forward in the future" but unfortunately that "This is a highly sensitive political issue and there is no drive at the moment to address it in earnest."

The implication, which I like less, is that in daily reality EU TP will continue to be mainly geared towards bilateral trade agreements. The problem with this "realistic approach" is that it contradicts the notion that "GVCs need global rules" and that "the multilateral system must [therefore] remain the cornerstone of EU trade policy".

Still I was pleased to observe when I counted words in the document that the term WTO appeared 60 times and the word multilateral appeared 15, while the term bilateral appeared 31 times.

In terms of geography, I was pleased that TTIP and the US did not monopolize the document: TTIP appears 20 times and the US 5 times; China appears 17 times, Japan 10 and Asia 12; Latin America appears 9 times and Africa 19. Not a bad balance.

As far as the process of EU TP is concerned, the communication contains two important ideas. The first is transparency, which has been one of the hallmarks of the Commissioner Malmström since she took office. This is obviously partly a reaction to the backlash against the TTIP negotiation and the complaint by many critics.

We obviously all welcome the new approach though I'm not sure it will entirely satisfy all the critics.

The basic difficulty is that trade policy has evolved a great deal in recent years: today it is less concerned with what one can regard as the legitimate perimeter of TP, namely border measures like tariffs. Instead trade policy deals more and more with behind the border measures like regulatory

issues where the legitimacy of trade negotiators and the policy process is clearly much less than in the case of border measures. In my view, this is what is creating the backlash against some of the current trade negotiations like TTIP and I'm not sure that transparency, though welcome, will be sufficient to silence the critics.

Because trade policy is now deeply involved in regulatory matters and because trade negotiators are not necessarily viewed by the public as having the legitimacy to do so, there is a lot of fear out there that negotiators are not serving the public interest but rather special interests. Here I fear that there will never be sufficient transparency to dispel this fear because special interests will always have more information than the general public. Therefore transparency is good but may not be sufficient to win the hearts and minds of worried citizens about trade negotiations, like TTIP, that involve regulatory matters.

Perhaps because of the fear that TP is now perceived as working in favour of special interests, the other main idea of the document about process is where the "Trade for All" notion comes in. Once again one senses the desire to break with past practices and thinking and to react to the critics, especially in the context of TTIP. What the document puts forward is certainly not "too little, too late" as some may argue but rather in my view it is perhaps "too much, for too many".

I like that the Commission "pledges that no EU trade agreement will lead to lower levels of consumer, environmental or social and labour protection than today". But is this entirely realistic?

I'm a bit worried when the Commission promises that its trade agenda will "promote sustainable development, human rights and good governance". I know that this a demand of many in this room and of many of our fellow citizens, but trade policy is just one of many policy instruments and do we really believe that we can achieve all these worthy goals, plus growth and jobs, with just one instrument?