It is good to be here today. Thank you for coming.

I think it is important you know where we are and what we are thinking. Especially as we see many other challenges coming down the pipeline at the moment.

Before opening to our usual discussion, let me make a few remarks about:

- The new global environment and where we stand with China and the US.
- Our efforts to save the World Trade Organisation.
- Ongoing negotiations and our efforts to move from negotiation to implementation.
• The global environment we operate in is a difficult one. At home, we face a number of issues. Not least among them is Brexit.

• We are disappointed that the UK government has been unable to ensure a majority for the Withdrawal Agreement agreed by both parties in November.

• On the EU side, there is no more we can do. If there is a solution to the current impasse it has to be found in London. There is a significant degree of uncertainty on when and under which conditions the UK withdraws from the EU.

• Consequently, the EU is not in a position at this stage to formally inform its trade partners about the UK’s withdrawal. But, we would intend to do that once this is appropriate.

• For my part however, I can tell you one thing – the EU’s trade policy will not change as a result of the UK’s withdrawal. The EU will honour its international commitments – including negotiations concluded and ongoing.

• Our trade policy is strong. Our union is solid. And it is from these foundations that we face the world.

• Abroad we face other challenges. The geopolitical environment is not very friendly for trade. We see trade tensions rising, protectionism gaining ground and intense competition between China and the US – with Europe in the middle, standing up for open, rules-based trade.
Although we stand up for open trade, we are not naïve. Open trade and interconnectivity brings many advantages, but we cannot allow it to be a vehicle allowing others to take advantage of us, and we will continue to uphold our values and high standards.

CHINA

The Commission last week published a review of our relationship with China ahead of the European Council’s discussion later this week: whilst the EU and Chinese economies are highly interconnected, China is also a challenging partner and a strategic competitor that often does not play fair. In many ways China is not going to change, and we have to find ways to deal with this.

This is why the Commission proposed 10 actions against the backdrop of China’s growing economic power and influence. We believe that our relationship could be mutually beneficial if competition, openness and fair play are reciprocal.
TRADING/INDUSTRIAL POLICY/IPI

- Ahead of this week’s European Council, we also released a brochure explaining what this Commission has been doing to support EU’s industry – our industrial policy – and trade is part of that:
  
  - First of all, there is, of course, our *offensive agenda* and everything we do to open markets and opportunities for European companies abroad.
  
  - There are our *trade defence instruments* – updated in 2018 to be more effective.
  
  - There is the new mechanism to *screen foreign direct investment* so that European countries can better protect their security interests. This was adopted in record time and will start to operate in the second half of next year.
  
  - Finally, in the context of the debate around reciprocity we are recalling that the Commission has for several years promoted its proposed *International Procurement Instrument* as a tool to secure reciprocity for EU companies to bid for public works contracts abroad. We are encouraging the Council and the EP to accelerate work this year to make this a reality.
• Relations with the US also required particular attention in the last months. The Joint Statement agreed between Presidents Juncker and Trump last July was an important step forward in deescalating tensions and in charting out a more focused and positive agenda for our trade relations.

• Since July, the Executive Working Group has met five times to discuss the implementation of its work program, most recently on 7 March. Good progress has been made in the EWG and in January the Commission published an interim report outlining the progress achieved. We will continue to publish such reports at regular intervals going forward.

• For a bulk of the areas outlined in the work plan of the EWG, the Commission can move forward without specific negotiating directives. The Commission does require negotiating directives from the Council for the elimination of industrial tariffs and for an agreement on facilitating conformity assessment. We submitted proposals on these to the Council in January.
• Of course, we have taken note of the EP vote last week, which means that there is no EP position on the negotiations directives – although there is no legal requirement to have their views on the table before Council completes its work. We now await the outcome of the discussions in Council.

• Despite some hard rhetoric in public on the US side, it is clear that there is still the political will to get the job done. You will be aware that there are different views regarding the negotiation objectives and scope – such as the coverage or not of automotive and agricultural goods. This will need to be addressed, but let me also be clear a comprehensive negotiation like TTIP is impossible.

• Finally, I encourage you to contribute to the call for proposals we just launched seeking input on concrete initiatives for regulatory cooperation between the EU and US.

WORLD TRADE ORGANISATION

• You will also be aware of how much importance we attach to saving the World Trade Organisation. It has underpinned global trade for decades – without it trade would be determined by the law of the strongest [a commercial Wild West]. Losing the multilateral system of trade rules would be bad for the EU and bad for many WTO members – especially the most vulnerable.
• The EU has taken the leadership but we cannot fix the WTO alone; governments around the world need to understand how much is at stake, and I hope you will also contribute to raising the alarm bells.

• We need to work on updating the rules and systems of the WTO so that they are fit for the challenges of the 21st century:
  
  o better address state-owned enterprises (SOEs),
  
  o strengthening industrial subsidies rules,
  
  o ensuring that we are equipped to deal with distortions such as forced technology transfers.

• We are working closely together with the US and Japan. Commissioner Malmström last met with her US and Japanese counterparts in January 2019, and it was agreed to finalise a text on horizontal subsidies by spring.

• We need to quickly resolve the Appellate Body crisis to ensure the existing rules can continue to be enforced. Together with a broad coalition of other Members, we have tabled concrete proposals at the WTO to amend the WTO rules relating to the functioning of the Appellate Body but we now need a serious engagement on these proposals.
• We are also continuing work on several other files at the WTO:
  
  o We are engaged to conclude the fisheries subsidies negotiations.
  
  o This is in line with our effort to explore the link between the sustainable development goals (SDGs) and work in the WTO - our WTO team is very interested in your suggestions and contributions on how to concretely address the SDGs in the WTO context.
  
  o Finally, work is also advancing in Geneva on the follow-up to the Joint Statement Initiatives on e-commerce, domestic regulation in services and investment facilitation, and micro, small and medium sized companies.
  
  o The launch of negotiations on e-commerce is an important success including from a systemic perspective. It demonstrates that it is possible to work and make progress differently in the WTO.
  
  o While the negotiations will take place among a group of interested Members, they are geared towards a WTO-wide outcome, with a process that will remain open and transparent.
BILATERAL NEGOTIATION AGENDA

- We have had an incredibly busy and successful negotiating agenda over the past few years – South Korea, the Eastern Neighbourhood, Central America, Canada, Singapore and Japan have all moved from the negotiating table to the market place, as this series of ever more ambitious agreements has entered into force.

- In the last twelve months, we have also closed agreements with Mexico and Vietnam.

- The EU-Japan Economic Partnership Agreement entered into force on 1 February. Apart from an unquestionable economic and political value, it is of strategic importance too:
  
  - It supports rules-based international trade in a time when it is questioned.
  
  - It makes further connections in the Far East.
  
  - It supports jobs and growth throughout the economy – with particular emphasis on SMEs and farmers.

- It also contains all the elements in our agreements that promote a socially and environmentally sustainable model for growth. They are the standards we hold all of our agreements to.
Another important negotiation that is still ongoing is Mercosur – a priority of this Commission. We are working hard. Our negotiators are just back from the latest round in Buenos Aires where good progress was made on several issues and all sides are committed to the process, including the new team from Brazil. But there is still work ahead on our key interests.

Elsewhere in the Pacific, we have been negotiating with Australia and New Zealand. They are both important partners in standing up for global trade, as well as a gateway to Asia.

Our work around negotiations has seen more than closing new deals. A very important achievements of the past year has been the response from the EU to the clarity we got from the European Court of Justice on the competence issue in relation to the Singapore agreement.

In response – starting with Singapore - we now separate trade and investment protection agreements. This clarity serves to make us even more reliable as a partner, and allows us to be more confident in our negotiations.

IMPLEMENTATION

Negotiating agreements without devoting sufficient attention to their follow up and the results on the ground would make our trade policy a toothless tiger.
• We are now moving from a focus on negotiation to give equal weight to implementation and to enforcement under our trade deals – including their trade and sustainable development aspects.

• Today we have 40 agreements in place with 72 partners – and an annual Commission report to see how well they are implemented.

• These agreements work. They boosted EU exports by 10% in 2017.

• We already discussed implementation issues at our session last March. I want to thank you for the recommendations which we are using to refine our approaches.

• Anyone can follow this process. Since CETA, our work to enforce and improve the way our trade agreements work is much more visible. Documents, like our 15 point action plan on Trade and Sustainable Development, are available online, as are our agendas and reports of the committees set up under the agreements.

• Of course, the full benefits of our agreements will only be felt if traders are fully aware that they exist and how to take advantage of them. This is one of the areas where you have a particular role to play. You, through your members, can do a lot to build awareness and help different stakeholders draw out the benefits of each agreement for them. I would be interested to hear from you in this regard what you are doing and what more should be done.
• We are also running information and awareness campaigns so countries and businesses understand how to use our agreements better. Alongside this, we are working on improving our existing tools (market access database, trade helpdesk) to better cater for the needs of small and medium sized companies.

• Completing the ambitious negotiating agenda was a huge achievement. The next step is bringing the benefits of our trade agreements to life through implementation.

**BREXIT**

• You may naturally have many questions about Brexit.

What I can say about the implications for trade policy, is that the EU’s trade policy will not change as a result of the UK’s withdrawal. The EU will honour its international commitments, including the FTAs and negotiations for FTAs. As of the withdrawal date, the EU trade agreements with third countries will no longer apply to the United Kingdom.
CONCLUSION

- Even we have completed many important negotiations, our trade agenda is as busy as ever.

- As we move into the implementation phase, we will rely on your support and advice to make sure that our agreements work as well as they should – and work for everyone.

- [If you find appropriate:] On a personal note: since this is likely to be the last time I see you in this format, I wanted to share my sincere appreciation for the open and frank exchanges we have had over the past years.]

- Now I look forward to a lively and interesting discussion.

- Thank you.

Contact person:

Art. 4(1)(b)
DG TRADE
11.02.2019

VISA: (Director or eventually HoU)  Peter Sandler, Art. 4(1)(b)