



## Commissioner Phil Hogan

### Intro Remarks at Microsoft Event

Redactions covered by Art. 4.1 (b)

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#### Intro

Thank you for your introduction [REDACTED]. Good morning ladies and gentlemen, I am happy to be here with you today and of course it is always a pleasure to participate in any event organised by the great [REDACTED]

I propose to give you an overview of the headline items on the EU Trade agenda and then I will be happy to answer any questions you may have.

Our shared EU trade and investment policy is hugely important for our economic prosperity, but its importance goes far beyond euros and cents. It also has a role to play in promoting our values and standards around the world. It has huge relevance for a host of other EU policy priorities. And it is a fundamental part of demonstrating EU leadership in a global economic environment faced with huge uncertainties and challenges.

Since taking office late last year we have committed to being a more geopolitical Commission, aiming to support a stronger Europe on the world stage, and trade is central to these aspirations. Trade also has to contribute to overarching EU ambitions like the Green Deal and digital agenda.

On top of this there is the unquestionable need for trade policy to help drive economic recovery from the Covid-19 catastrophe. The EU economy is expected to contract by 7.4% in 2020, while global GDP will fall by 3.5% and global trade by between 10%-16%.

The Commission's recent proposal of a combined package for the EU Budget and Recovery Fund is therefore very important. If agreed, it will deliver significantly on our shared policy priorities. As business leaders, I am sure you will be scrutinising our plans closely to identify the opportunities therein.

#### Trade Policy Review

From our side, we have taken the view that this can be a watershed moment for the direction of EU trade policy. Covid-19 is shaping a "new normal" and it presents us with a very useful opportunity to take a fresh look at the "why" and "how" of the policy.

I therefore launched a wide-reaching Trade Policy Review on 16 June, including a very broad and inclusive consultation process. There will be discussions with all key stakeholders, including business and industry, and I encourage you to make your views known to us.

The objective will be to conclude this review with the adoption of a new Communication towards the end of the year.

The debate should focus on how to support building a model of “Open Strategic Autonomy”, which allows us to continue reaping the benefits of international trade and exerting leadership in the international sphere, while having the tools in place to protect ourselves from unfair practices and assertively enforcing our rights. In effect, the review is about striking the right balance between a Europe that is “open for business” and a Europe that protects its people and companies.

In this context, the review will need to tackle the key issues facing trade policy, such as

- how to ensure greater resilience in our supply chains;
- how best to support our economic recovery and long-term growth;
- how to pursue our green, sustainability and digital objectives (and what role due diligence schemes can play in this);
- and how to advance our level playing field objectives internally and externally.

#### Bilateral Agenda/Enforcement

While this very important review process is taking place, we will continue to reinforce our trade agenda at home and abroad.

Thanks to our single market, the European Union has immense strength as a trading power, evidenced by the number of agreements we have signed in recent years, including comprehensive deals with Japan and Canada. Just a few weeks ago, the Vietnamese Parliament ratified our agreement, meaning it is on track to enter into force later this year.

This is the largest deal we have ever signed with a developing country, and an important building block towards further cooperation in the strategically important ASEAN region.

Our network of bilateral deals now numbers a grand total of 76. I like to call this the “opportunity of openness”, because these agreements bring many benefits to the European Union.

But while I firmly believe that it benefits us to sign these deals, I equally believe that we must do more with them to generate greater added value for our exporters. So improved and robust implementation will be a huge part of our plan.

With a stronger emphasis on implementation, we can achieve positive outcomes on both sides of the equation: our exporters will gain more value from our partner markets, particularly our SMEs, and we will have outstanding opportunities to promote our standards and values in relation to sustainable development around the world.

Our implement agenda is already well under way, proven by the fact that we will soon appoint an EU Chief Trade Enforcement Officer (CTEO) for the first time.

The CTEO will ensure that any potential non-compliance with trade and sustainable development commitments is identified early on and that appropriate action is taken. This will equally be the case for any barriers to market access.

This work will include putting in place an effective process to receive complaints and to streamline the follow-up on all implementation and enforcement issues. If there is a problem, we want the response to be swift and effective. This is a “Europe that protects” in action. And I hope everyone on this call will agree that it represents a very positive step.

### WTO & Multilateral Agenda

Of course, there are other challenges on the horizon. We are vigorously pursuing WTO reform, because we believe that with the right leadership, and the right reforms, this organisation can be the beating heart of global economic recovery.

Multilateralism is in our DNA in Europe, indeed the European Union is the ultimate proof that multilateralism, handled correctly, works.

You will no doubt be aware that yesterday, I ruled out putting my name forward as a candidate for the post of WTO Director-General. The EU Trade Agenda will remain my priority, but of course WTO reform is a huge part of that same EU Trade Agenda, therefore I look forward to playing a constructive and proactive role while staying at the helm here in Brussels.

A huge part of this work is our effort to refresh the transatlantic relationship, which remains the central artery of the world economy and our most important strategic alliance.

### Transatlantic Relations

The EU cannot achieve our goals of restoring the world economy to good health and increasing resilience in supply chains by acting alone. Therefore, the EU is actively engaging with its partners – multilaterally, as well on bilateral basis, to respond to the current challenges.

On the multilateral level, the EU has begun exploratory discussions on its trade and health initiative. Under the umbrella of the WTO, we hope to agree on a trade package that would level the field in the health sector industry for all. We believe that it would provide both a necessary boost to the multilateral while also delivering an adequate response to the Covid-19 crisis.

The package aims at eliminating the remainder of tariffs on pharmaceuticals, medical devices and certain personal protective equipment, and promotes resilience and diversification of their supply chains.

Yet no successful multilateral initiative to restore open, fair and reinforced global trade can be done without the EU and US together leading the effort.

That is why I reached out to Ambassador Lighthizer at the end of April with a proposal I call the “Five Principles” paper. This calls for action to build resilient supply chains for medical goods, action to restore an open and fair environment on the global market, action to spearhead joint reform of the multilateral system as well as action to make concrete progress on bilateral transatlantic issues.

Yet judging by the signals coming out of the US administration, we are seeing more and more emphasis on self-sufficiency and trade restrictive measures. This is concerning to us, because the European Commission continues to believe that protectionism is not the way forward.

Despite these different approaches, the EU continues to engage bilaterally with the US. Since Presidents von der Leyen and Trump met earlier this year, we continue to explore the possibilities for a positive trade package including tariff as well as non-tariff elements. As we slowly begin to exit the Covid-19 pandemic, we are now back at the negotiating table discussing how to reach a fully balanced outcome in line with our international obligations.

However, we are worried by the announcement of new investigations against EU imports. This is a continuation of the worrying recent trends in Washington in relation to trade defense policy. These cases could have a negative impact on our efforts to build a positive EU-US agenda.

### Brexit

I also want to touch on a subject that I know is of importance to many of you: Brexit. As the old saying goes: we are where we are.

On 31 January this year, the UK left the EU. This 'political Brexit' was only the first step. Thanks to the transition period built into in the Withdrawal Agreement, the UK could remain in the Single Market and the Customs Union until at least the end of 2020.

We then set a deadline of 30 June 2020 to choose whether to extend this transition period.

This could only be done through a joint decision. But last week, at the High Level Meeting with the three Presidents Ursula von der Leyen, Charles Michel and David Sassoli, Prime Minister Boris Johnson confirmed that the UK would not request such an extension.

Therefore, the transition period will end on 31 December 2020. The UK will leave the EU's Single Market and Customs Union on this date, and an "economic Brexit" will take place.

This will bring important and definitive changes in many areas. Michel Barnier said two days ago that we have a responsibility to take these negotiations forward, and to look for an **intelligent agreement that limits the shock of the UK's departure from the Single Market and Customs Union. I fully agree with this approach and the EU 27 stands four square behind Michel as he continues his work.**

Maintaining EU unity matters hugely, because we can expect that provocative actions and spin from the UK side will ramp up in the coming months as we approach Brexit day.

The reality is that there are still very different views in the UK public debate today:

On the one hand, we have the Brexiteers – and a good part of the conservative government – maintaining a very hard line, demanding full sovereignty for the UK, and no concessions – even if it means no deal.

On the other hand, there is growing concern among businesses and in the devolved administrations.

Some of you may have heard me call on business leaders over the past 4 years to do everything that they can to minimise the harmful impact of a hard Brexit. Well, that remains the case, and there is still time for you to use whatever leverage you have to prevent this absolute worst-case outcome.

The UK continues to refuse to commit to a level playing field and to appropriate safeguards for our future relationship. It is not too late to find compromise on this very basic issue, but time is running out, and fast.

Our greatest frustration is the fact that the UK keeps on backtracking from its commitments in the Political Declaration. **On the EU side, we remain fully receptive to proposals that respect this document** – both in the spirit and in the letter.

As ever, the ball is in the UK's court. **The moment of truth will be in October**, when we will have to be ready to put a draft deal to the European Parliament and to the European Council if we want it ratified by the end of the year.

### Conclusion

I will conclude at this point, ladies and gentlemen. There are many more items I could have covered but I think I have given you a good flavour of our work programme for the coming months.

I will be happy to take some questions from you on these and any other relevant topics. Thank you