



Global Trade: path to shared prosperity

Johannesburg, 17 October 2017

EU Trade Commissioner Cecilia Malmström

Speech at Wits University, Johannesburg, South Africa

Dear students, ladies and gentlemen, Deans...

I am thrilled to be here at these historic grounds and in this university, where so many brave students and teachers stood up against apartheid and for equal rights.

Being a former university professor myself, I always enjoy visiting universities, but this is very special.

I come here as Commissioner for Trade of the European Union. The Commission is the body in the EU which proposes laws, supervises that they are followed and who acts in the interest of all 28 Member States. In trade, it is the Commission that negotiates trade agreements and represents the whole European Union in organisations such as the WTO.

Trade policy in Europe – and elsewhere – has been the subject of intensive debate, and even attack, over the last few years. Many blame trade for the negative aspects of globalisation. Trade agreements, in their view, are secret deals that only benefit multinational companies, undermining social standards and environmental laws. There is a frustration among many in our societies who feel that they have not been benefitting from globalisation. Trade sometimes becomes an easy scapegoat.

This is simply not correct. Globalisation has in many ways been a good thing – connecting people, spreading technology and innovation, new forms of media and knowledge. It has connected people and made the world much smaller. Globalisation is there whether you like it or not – but we can shape it. This, we do with global rules, through multilateral organisations and international cooperation.

Trade has helped millions of people out of poverty. It has created jobs and growth across the world. It has helped entrepreneurs to get new chances, given opportunities to small businesses, eliminated bureaucracy, spread ideas and innovation, and increased people-to-people contacts.

It is true that not everybody has benefitted equally from all of this. However, that has more to do with tax systems, social systems and income distribution schemes rather than trade in itself.

But the recent debate has shown that we need to change the way we do trade policy. People want to be involved, and that is a good thing. The European Union is the world's biggest trader – the biggest exporter, the biggest importer, the biggest investor. We have a responsibility for how we conduct that trade. So, in the beginning of my mandate as Commissioner we developed a strategic document – "Trade for All".

It says that trade should be efficient, deal with real issues that are important for companies as well as consumers. Trade policy should be transparent – we publish as much as we can of the documents related to our negotiations, and we include civil society and stake holders in the discussions.

Trade should be value-based, and we must make sure that we do not compromise on our standards when it comes to environment and food safety. We must also include references to sustainable development and labour rights in our agreements and make sure that international key conventions in these fields are followed.

This, we try to do in bilateral and regional agreements as well as promote these ideas globally in the WTO and elsewhere.

When others question the need for global trade and multilateralism, we must stand up. The United Nations and the WTO are important and valuable organisations that we need to strengthen, but whose rule books we also need to upgrade. We have already achieved global agreement on the Sustainable Development Goals and the Paris climate agenda. Those are indeed good examples of how we can shape globalisation.

However, many areas are not covered by such cooperation. The digital economy – how can we make sure it benefits developed and developing countries alike?

How can we tackle negative aspects of the global economy such as tax evasion, corruption, resource extraction, illicit financial flows and harmful state subsidies?

Needless to say, not all such matters can be solved in trade agreements. That said, a balanced, progressive trade and investment agenda must pursue open markets but also cover issues such as human rights, working conditions, food safety as well as fair and sustainable trading practices. We must seek to promote gender equality and good governance.

Some of this work we pursue through the WTO. I just returned from a ministerial meeting with almost 40 countries in Marrakech, Morocco.

We were there to prepare the December Ministerial meeting in Buenos Aires where all 164 WTO member states will gather to try to strengthen global rules and move the multilateral trade agenda forward. Like always, we will focus on developing countries – for instance, we have put forward proposals on limitation of fisheries subsidies, rules on stockholding and domestic support in agriculture. We also hope that we can move forward on proposals on e-commerce, as well as transparency requirements as regards small and medium-sized companies.

Together with other countries, we are also working to establish a multilateral investment court – a global court that could take over the more than 3400 bilateral investment protection treaties that exist globally. It would be based on principles of transparency and making sure that investors can seek compensation if they are discriminated, but never at the expense of governments' right to regulate to protect their citizens.

At the WTO, we have also adopted a global agreement on trade facilitation, something that facilitates trade through better customs cooperation.

We also try to move forward with two so-called plurilateral initiatives, one on facilitating trade and services, TISA, and one on facilitating the trade of environmentally-friendly goods, EGA. Both of these negotiations are now on hold, given the lack of engagement from the Trump administration.

In the EU, we have recently agreed on tougher legislation on conflict minerals. It forces companies to show due diligence for the whole value chain when they deal with products in areas of conflict – areas where we know that certain minerals are used to finance terrible violations of human rights, for example around the Great Lakes.

In New York, a couple of weeks ago, in connection to the General Assembly of the United Nations, the EU, together with Argentina and Mongolia, launched a global alliance to end

trade with products that can be used for torture and executions. Now, 58 countries have signed up from all continents and we hope for more to join.

All these are examples of how we can make trade more value-based and accountable, thereby shaping globalisation.

On behalf of our member states, the European Union also pursues a very active bilateral trade agenda. We have just seen our free trade agreement with Canada enter into force, and we have an agreement in principle with Japan. We are moving full speed ahead with Mexico and the countries of Mercosur. We hope both of these agreements can be concluded by the end of this year. We will soon put our agreements with Singapore and Vietnam to the EU member states for voting, and we hope to start negotiations with Chile, New Zealand and Australia later this fall.

We also have regional agreements, so-called Economic Partnership Agreements or EPAs, with many African countries. I will come back to those.

Our free trade agreements include openings in market access but also chapters on rules of origin, geographical indications, cooperation on energy, and intellectual property rights. They all include a chapter on trade and sustainable development, in accordance with international conventions such as those of the ILO. We also agree that civil society should be involved in the implementation of all free trade agreements.

Lately, in line with this policy, we have had dialogues on, for instance...

Non-discrimination in workplaces of South Korea

Projects in Guatemala on conventions on freedom of association, collective bargaining, etcetera

How to implement the convention on international trade in endangered species in Colombia

One year ago, I was in Kasane, Botswana to sign an Economic Partnership Agreement, or EPA, between the EU and six countries of the Southern African Development Community, SADC – South Africa, Botswana, Namibia, Mozambique, Lesotho and Swaziland. It entered into force last October, so I am here these days to celebrate its first anniversary. We are discussing with business, civil society and representatives of governments on how it has worked so far. The EPA is about creating a predictable set of rules – a stable framework to support trade and investment.

The EU opens its market much more than the six African countries – it is an asymmetrical agreement, allowing for protection in sensitive areas. It is also development-focused, with a budget to assist countries in creating the right infrastructure to be able to trade. It also promotes regional integration, in no way in contradicting the integration efforts already underway on the African continent.

A first evaluation shows an increase in exports from South Africa, notably in agricultural/food exports. But there is much more to do to really reap the benefits, and this is what we have been discussing here during these past few days.

In addition, through the EPA, South Africa has succeeded in improving its market access to the EU compared to before. For example – a full liberalization of the fisheries sector, with the possibility to export duty-free to the EU. And South Africa now has better access for its wine, sugar, fruit, juices, flowers, jams, ethanol, and dairy products.

The EU is also the largest foreign direct investor in South Africa, accounting for almost 80% of the country's total foreign direct investment, creating more than half a million direct and indirect jobs.

Just take the case of citrus. Some 40% of total South African production is exported to the EU, and it keeps growing. It is estimated that some 100 000 people are employed in the citrus sector here.

Progress has continued despite differences in health standards, notably with regards to citrus black spot infections. Through hard and difficult work at both regulatory and implementation

levels, we have managed to set up a system which delivers the necessary assurances that our imports are in conformity with EU rules. The EU is the only place in the world that is free from citrus black spot.

This work has been beneficial for South African citrus exporters and for European consumers who can get access to South African oranges.

I know how important inclusive growth is in South Africa. We give specific attention to sensitive sectors which are vulnerable to external trade and competition.

The EPA includes economic assistance to projects focusing on economic partnership and inclusion, employment creation and small enterprises.

Investments can play an important role as a catalyst for economic growth and development. To attract responsible and sustainable investments to Africa has become a political imperative to boost economic growth.

The EU is discussing with the African Union, in view of our upcoming summit in November, a set of investment principles. They would guide the decision-making process to create an investment-friendly environment that captures the needs and concerns of all stakeholders.

In addition, the European Investment Plan intends to provide, for the first time, an integrated approach to boost investment in Africa and the EU neighbourhood. It aims to mobilise additional private and public resources for sustainable projects based on three pillars:

The proposed European Fund for Sustainable Development, with a value of 4.1 billion euros, would provide a new guarantee, expected to leverage 44 billion euros of investment in Africa and the EU neighbourhood until 2020.

Technical assistance would also be provided to help authorities to improve the regulatory and policy environment, and to help partners develop bankable projects.

It also aims to improve the investment climate in partner countries by building on country and regional political dialogue including all our instruments of cooperation.

But no country can expect responsible and long-term investment without providing a sufficient degree of certainty and protection. In this respect, the trend in Africa in the larger sense is not positive. Foreign investors need to have predictability and not be penalised. Excessive use of local content legislation, for instance, increases the cost of doing business.

We all want to create jobs. In Europe, we still have high levels of unemployment in many places. So Europe and this region depend on each other, for instance in the automotive sector. With the EPAs, trade will be easier if we use the tools right. We need to be sure that there is no discrimination, since both sides would suffer as we import and export parts to each other.

Between the EU and South Africa, we have a true partnership. We cooperate in a wide range of areas. Our cooperation makes the difference between unregulated trade and a fair, level playing field. In our strategic partnership, we have shown the world that progress and fairness is possible. So let us keep working together, and let us keep in mind that we can still do so much more. We can always do better.

Thank you so much for inviting me here. I am looking forward to a good discussion.