

DET TALTE ORD GÆLDER

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Thank you, Lars, for the introduction – and thank you ladies and gentlemen for being here today. I would like to welcome all of you to this conference on the future trade policy of the European Union. A special welcome to our key note speaker, Trade Commissioner Mr Karel De Gucht. It is a privilege to have you with us!

Before I begin my speech, I have an important message to convey. It is a message about Europe and about where we stand at this particular moment in time – three weeks before Denmark takes over the EU Presidency – with regard to the economic crisis.

Today and tomorrow EU-leaders will meet in Brussels to discuss the crisis. The meeting is crucial – not in the trivial or inflated sense of the word like it often appears in the media. I use the word crucial in the literal sense. Meaning extremely important! Depending on the concrete outcome, the summit today and tomorrow could have long-lasting implications for the level of prosperity enjoyed by Europeans.

This is not the average EU summit. It is not about some obscure rules for qualified majority voting or a declaration about future co-operation with third countries. It is a summit about what kind of economic future you and I, our children and their children are going to have. Will they be able to enjoy the same right to decent living standards and the same level of social security that my generation has enjoyed? Will they have the same opportunities to pursue their dreams and aspirations? Opportunities that exist for the vast majority of Europeans because of welfare societies providing free education, free health care and a helping hand to the unemployed. Today – that is not a forgone conclusion.

And that is – in a nutshell – what I mean by “crucial”. So far, the European debt crisis has caused six democratically elected governments to fall. Greece, Slovakia, Italy, Spain, Portugal and Ireland. The crisis has prompted some experts to ask, whether European politicians hoping to get re-elected are capable at all of implementing the necessary structural reforms to regain market confidence and public trust in our welfare model. To implement necessary, but painful reforms is that only a job for unelected technocrats, who don't have to face the voters? I hope not.

Just like all of you, I hope that today and tomorrow's meeting in Brussels will produce results that are sufficiently convincing and sufficiently substantial to give Europe a new beginning. A new beginning that will allow us to answer the current question marks hanging over the economic future of Europe with an affirmative yes.

Let me add, that tomorrow's result will also be an indication on European capacity to deal with climate change. It is imperative that we succeed with common solutions to common challenges – and climate change in my view is one of the most important challenges of my generation.

How is EU trade policy linked to all this? Trade policy is linked to the European crisis because trade is an important part of the solution to how we generate growth and create jobs in Europe again. However, against a background of economic crisis and rising protectionism, making trade an engine for growth and jobs in Europe is not a simple task. But it can be done and quite frankly – it must be done. Today, I will present the trade policy priorities for the Danish EU Presidency.

The aim of these priorities are all about generating more growth and creating more jobs. That is the purpose of these priorities so to speak.

First a few words about the context for trade policy. Regardless of the outcome of the EU summit today and tomorrow, the trend of economic power and political influence gradually migrating to Asia and Latin America will continue. According to some economists, the “E7” – China, India, Brazil, Russia, Indonesia, Mexico and Turkey – will overtake G7 measured in purchasing power before 2020. And if the G20 – the world’s biggest economies today – had been created in 1970, Denmark would have been a member! Today we are not among the top 30 richest countries in the world.

Therefore, the challenge is a serious one. But when challenged like Denmark and Europe are today, our answer must be to roll up our shirt sleeves and dig in. The American songwriter, professor and social activist, Bernice Johnson once said and I quote: “Life challenges are not supposed to paralyze you. They are supposed to help you discover who you are.” And I fully agree with her. More than ever, this is the time for people in Europe to discover who they are and what they are made of.

With regard to trade policy specifically, this means acting much more offensively to create better innovation, higher productivity and more market access for European exports. If we do not succeed, Europe could face many years of low growth and high unemployment.

The changing global environment is causing concern among Europeans. One example: A recent survey showed that 49% of Europeans have a negative view of China as a trading partner. They perceive China more as a threat than an opportunity.

I understand their concern. But I repeat: trade is part of the solution, not the problem. Firstly, because the wealthier China, India and Brazil get, the more Denmark and the rest of Europe are likely to benefit. Secondly, because we live in an interdependent world: China needs to export to Europe – and many European companies rely on global supply chains. In 2010, the EU's export of goods and services equaled 40 % of European GDP. Consequently, trade policy is a key strategic tool at our disposal.

And now on to the priorities, *the first priority* in terms of trade policy for the Danish EU Presidency is to improve market access to the BRIC countries. With emerging markets as the world's economic growth engine, better access for European business to those markets should be at the top of the EU trade agenda. To promote that objective we need to double our efforts to identify and break down trade barriers and to speak with one European voice in our dialogue with emerging economies. We cannot allow ourselves to sound like the Eurovision Song Contest with 27 national tunes competing for attention in our trade relations with the Chinese, the Indians or the Brazilians. The EU Member States must sing from one and the same songbook.

The second priority is trade and development. The point here is not to forget the importance of looking beyond our shores. Although we do need to look inwards at the Summit tomorrow, Europe must never forget its responsibility for ensuring fairness in global trade. The EU must be a champion of open markets for the poorest countries. In particular, because bilateral Free Trade Agreements are multiplying almost by the hour in various capitals around the world.

Unfortunately, not so much in the capitals of the poorest countries. With the future of the Doha Development Agenda uncertain, it is essential that we do not lose sight of our fundamental and common goal to make the world a better place.

Within the EU, it is of paramount importance that the trade and development policies are mutually reinforcing and complement each other. Trade is an important and integral part of development. It contributes to the development of new markets and sustainable economic growth, while at the same time trade promotes peace, security and more open societies.

But trade liberalization cannot stand alone. We must also support developing countries in better utilizing their market access. Only then will they be able to use trade as an engine for economic growth and employment. Again the EU has a special role to play as one of the biggest donors of “Aid for Trade” assistance in the world.

The Danish EU Presidency will focus on the Commission’s upcoming communication on “Trade and Investment for Development” and the negotiations on a new GSP regulation.

The final design of these two important instruments will be an important signal to the rest of the world regarding EU's continued role within Trade & Development.

As a *third priority* of the Danish Presidency, we will aim for launching FTA negotiations with Japan. I intend to serve as an honest broker for the Council during our Presidency and I will listen carefully, when we will discuss the results of the "Scoping Exercise" of an EU-Japan FTA sometime during spring next year. I am mindful of the fact that the serious obstacles remain before we can improve trade relations with Japan – especially in the area of non-tariff barriers. Japan must show a stronger readiness to deal with these and other key issues that are vital for the EU.

But at the same time, I do feel convinced that the time is right for further expanding the strategic relationship between EU and Japan. An FTA must not undermine the WTO – rather it should serve as a stepping stone to a stronger multilateral trading system. But Japan is the world's third largest national economy and has a strong potential for key exporting sectors in Europe and Denmark, including pharmaceuticals, meat products and green technology.

A recent independent assessment of the likely impact of an FTA with Japan concluded that we could be looking at a potential double digit increase in trade amounting to billions of euro. In addition, an FTA with Japan would also establish an important strategic stronghold for the EU in Asia.

An FTA with Japan is not an easy task, but we hope to take this first important step during the Danish Presidency and count on the Commission's support in this regard.

Another priority of the Danish EU Presidency will be to keep pushing for progress in the Doha Development Agenda and a strengthening of the multilateral trading system in the WTO.

If I had held this speech a year ago, I would probably have mentioned the DDA as our first priority. This has been the case for previous presidencies – and rightly so – as well as in the past two EU Trade Strategies.

But, let me be honest – when I participate in the WTO ministerial meeting in Geneva next week, I do not expect much progress on the DDA. The unity of purpose and the necessary flexibility to get the job done simply isn't there! Still, neither the WTO nor the DDA is about to be forgotten. The Danish Presidency is committed on creating growth and jobs in Europe. EU trade policy must contribute with tangible results as soon as possible – and unfortunately a positive result of the DDA is for the longer run.

It is a paradox that the WTO is considered as being in deep crisis because of the DDA. I must confess that I take a rather different position on the WTO. It is exactly because of the WTO-rules and discipline provided by the WTO dispute settlement that the world has so far avoided the dangerous pitfall of protectionism like we witnessed in the 1930s. Having said that let me also underline that the threat of protectionism is still very real!

As EU Presidency, we will focus on maintaining a constructive EU approach to the WTO. We have not forgotten that the WTO constitutes a critical safeguard against protectionism and that the organisation is a vital tool for integrating the poorest countries into the global economy.

The importance of the WTO is confirmed by the enlargement with Russia. It is a historical event. We welcome Russia as a new WTO member and we will press ahead with a New Agreement between the EU and Russia that will bring us further towards close and mutually beneficial economic cooperation with Russia.

The final priority for the Danish Presidency is the European Neighbourhood Policy. The EU must offer support and closer political association and economic integration to those neighbouring countries willing and able to take the necessary steps. We must react decisively to the important developments taking place in the East and in the South.

We have negotiated an association agreement with Ukraine, but it hangs in the balance due to developments in Ukraine. We call on Ukraine to respect human rights and the rule of law. Negotiations on Deep and Comprehensive Free Trade Agreements with Moldova and Georgia will start soon. Good progress in these negotiations will demonstrate the potential of the Partnership.

South of the Mediterranean the aftermath of the “Arab Spring continues to play out and catch our attention. We must seize this historical opportunity to support the respective Arab countries, where millions of young Arabs have showed enormous courage and an unbending desire for political and economic reforms. They have defied autocratic leaders with blood on their hands and they have stood firm on their legitimate demands against impossible odds. Now, the outside world – the UN, the EU and others - must accelerate efforts to help the Arab people consolidate the democratic gains that they have fought so hard to achieve. As Presidency we will push forward with EU plans for deep and comprehensive free trade agreements with Egypt, Tunisia, Libya and other Arab countries, where the cry for reform can no longer be kept in check.

I have outlined the main trade policy priorities of the Danish EU Presidency. But let me also assure you that we will make a strong effort to promote green trade liberalisation. Trade policy should contribute to the fight against climate change, which remains a huge challenge. Furthermore, Europe has much of the cutting edge technology needed to fight climate change. We need to open markets for this technology.

Ladies and Gentlemen - during the Danish EU Presidency we will be considering three concrete initiatives in relation to our green agenda:

Firstly, we intend to examine the possibilities for gathering support behind the vision of some sort of a WTO compatible Green Trade Agreement. This could for instance be based on a model for a Sustainable Energy Trade Agreement – the SETA agreement – as proposed by a Geneva based think tank.

The SETA-proposal is just one suggestion on how to promote green renewable energy solutions to global markets. In order to achieve a better flow of green goods, services, technologies and production methods, these products and services must be traded at fair prices and not hampered by barriers. The ultimate goal is to make the best possible use of global knowledge and production capacity to promote sustainable energy solutions, while at the same time providing new commercial possibilities for companies within the green sector.

Secondly, we would like to prompt analysis within the EU on existing as well as potential climate friendly trade initiatives – including the SETA but also other initiatives as the recent APEC conclusions hinted at.

Thirdly, based on the outcome of this analysis, we would like to discuss the way forward within the EU on promoting green trade liberalisation including in Free Trade Agreements between the EU and third countries.

We count on the support of the Council and the Commission for the Danish Presidency's green trade agenda. The importance of protecting the environment and of mitigating the effects of climate change for generations to come is widely recognized. That is why the Lisbon Treaty sets out to integrate these objectives in the implementation of all EU policies. Now it is high time to start doing something about it in practice.

Finally, in order to prepare for these three initiatives, I would like today to invite all Danish business organisations to co-operate with me on mapping the Danish interests in green trade. This work could serve as our own solid platform for future action in trade policy initiatives at the international level.

As you all know, it takes two to tango, and we – the politicians – need business leaders to team up with us on this one, if we are to turn the vision of a green transformation of economies into a practical reality. So, with this invitation to join me and the Danish Government for a bit of tango, I conclude my opening remarks.

Thank you!