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Restarting our economy after COVID-19

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This crisis is very different. There is no place to hide. We are all in it. Both demand and supply side have been hit.

Trade has to be harnessed for recovery and work hand in hand with manufacturing. This is because of the potential contribution of the trade to recovery. Our external trade generates 35% of the European GDP. Our FDI stock amount to 40% of the GDP. And 35 mln European jobs depend on exports. We never mention but it is worth doing it now that 87% of SMEs contribute to exporting.

We need a proactive trade policy. Commission has launched a review of eu trade and investment policy, it is under consultation now and will be finalized by the end of the year with a communication and proposals. I hope members of our Forum will participate in the consultation.

How can we build what we call open strategic autonomy? It should mean, on the one hand, continuation of benefitting from openness of our economy in terms of jobs, consumption, quality of life. On the other it should mean protecting the economy and stakeholders from unfair practices.

They come today from the state actors and from dishonest market participants. It should also mean focus on building resilience against future challenges.

I hope that we all agree that anything leading to reshoring of production would make us all poorer in the mid and long term. So, the response is that open strategic autonomy must be about striking the right balance between openness and rational protection. But in my view we must remember that global openness has always been fundamental for EU. And it should remain fundamental.

There is a debate in the European Parliament about what really open strategic autonomy means in practical terms. We would not want it to take us toward protectionist environment. It we know that excessive dependence on other global actors proved to be painful and costly during the pandemic. Will that mean that we should aim at self sufficiency. Definitely not. Our industry has to continue investing in its competitiveness.

Trade is strongly linked with supply chains logic. I was actually surprised to hear that supply chains were disrupted within Europe. So a lot remains to be done here. This challenge is not only about global geopolitics, vulnerabilities and resilience.

One way to move forward is to further diversify our trade, also within the value chains. Another, to negotiate more FTAs .

Having said that we must not be naive. Efforts are needed to increase efficiency of our defense instruments tool box. Without doubt we are facing a period of growing foreign subsidies to traded goods and foreign investment coming to internal market.

This should actually be addressed by plurilateral initiatives but there is no chance for that. So the European Commission will be looking at efficiency of FDI screening at member states level.

But this should not be used for protectionist objectives, as cover up for failing businesses or declining industries.

Trade has been challenged even before the Covid hit. Our efforts to promote international regulatory cooperation, to defend global rule based trade against isolationist tendencies and trade wars have to be continued. We should not shy from building coalition for WTO reform, aim at pushing toward establishment of Multilateral Investment Court.

It is true that it is difficult to find a positive element in our transatlantic relationship. But we should continue insisting on finding solutions to the EU-US trade related conflicts. We should continue efforts to start expanding our constructive trade agenda.

There is a need of change and a need of continuation. I think here of sticking to our pre- Covid commitments to green and digital transitions. Use trade to support European growth strategy based on green and digital vision, with a broader space for e commerce.

China continues to be a huge elephant in the room and I hope to see Europe more assertive, not having any more illusion that just talking with the Chinese will bring solutions. We have to put a price on everything that hurts our interests.

I believe we should create conditions that would allow companies to see where we can diversify or shorten supply chains, be more independent. We might end up with local sourcing playing more important role.

But we also have to be sufficiently realistic to understand that what we plan to strengthen in our trade system and practice will have lasting impact.

In the context of those new elements in our trade strategy and policy, companies might have to take into account many new factors redundant not so long ago but very relevant today and tomorrow.

While still looking at costs and competitiveness and not having any certainty about how demand will evolve and what other vulnerabilities will matter and affect them, businesses would need closer cooperative links with decision makers at European and national levels.

In some ways the COVID pandemic has been a blessing in disguise when it comes to broad strategic decisions, because the crisis has forced us to reconsider our growth strategy, and forced us to make many bold decisions, which under different circumstances would not have been possible.