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Thank you BusinessEurope for the invitation. It has always been important for me to engage with the business community.

To better understand the consequential trade policy and regulatory change that is happening, I believe it is important to take a step back and reflect on why these changes are being made.

This reflection started at end of 2019 under Phil Hogan as EU Commissioner for Trade. At this point in time, Donald Trump was still President of the United States, imposing retaliatory tariffs under the allegation that the EU was a threat to the US's national security. We were still facing a possible no-deal Brexit. Unlike the United States, we did not screen foreign direct investments made in the EU. China was solidifying its economic presence in the EU such as by gaining ownership of the Piraeus Port in Athens, one of Europe's largest ports. China's economic behaviour was distorting the level playing field and forcing our companies to surrender their intellectual property. And, all of this was happening before the pandemic even hit us.

Under all this global uncertainty and growing unilateralism, the pandemic exacerbated a couple of major trends.

The first is related to the consequences of not doing enough was done to counter the impacts of globalization on our societies. Whereas globalization did help lift millions out of poverty, it did not prevent inequality to grow in our economies. This led to calls for de-globalisation and the rise of inward-looking policies.

The second is the rapid rise of China and the urgent need for democracies to challenge its state-capitalist model. This model affects the competitiveness of our companies at home and abroad and distorts the global level playing field.

The third is climate change. The pandemic forced us to stop and made us observe the human impact on the environment and biodiversity. We remember the before and after pictures of major cities losing their smog for the first time in decades, such as Los Angeles or Beijing, during the first lockdown. This renewed our European

conviction of the necessity to decarbonise our societies. This is a progressive but profound transformation of our societies and will be the driving force behind our future competitiveness.

Finally, the fourth is the digital transformation of our economies. Who would have thought in February 2020 that Parliament could function remotely or that we would be having this conversation entirely electronically? We have all embarked in this “Digital Decade” where our economies will become even more driven by innovation, intellectual property, the servicification of our goods, and the increasing role of services trade. There is huge potential with the rise of digital technologies for the creation of well-paid and high quality jobs in our economy.

It is in that context that the Commission released its trade policy review this February.

On the impact of globalization in our economies, let me say that we are standing at a crossroad where it is essential to show the benefits of living in a democracy to our citizens, especially those left behind. It is great that the Conference on the Future of Europe has finally been launched. This public debate is a response to the pandemic and our current challenges. It will be important to hear how citizens want to rebuild a decarbonised, climate-conscious, socially sensitive and innovative Europe. In a similar vein, the idea of President Biden to host a Summit for Democracy is also a welcomed contribution to creating a global alliance of democracies.

When it comes to China, we all know that related issues are not going to be easy to cope with. We need China to comply fully with its WTO obligations, and that includes matching its acquired economic power with its level of development. We also need to address at the WTO level the issues of industrial subsidies, the beneficial treatment of Chinese state-owned enterprises, forced technology transfers and the issue of industrial overcapacity in steel and aluminium. These issues cannot be dealt with in a bilateral way only. We will need to build a coalition of like-minded partners and include China at the negotiation table to secure a meaningful reform package. The EU should encourage the US and Japan to continue their work on new rules on industrial subsidies and start as soon as possible a multilateral, or at least a plurilateral negotiation, at the WTO.

Finally, I would like to stress the importance of the transatlantic partnership for our economy and for achieving our twin transitions. As of today, there are behind us four relatively good months for the transatlantic relationship. The EU and the US are engaged at both the political and technical levels to address legacy irritants such as the Airbus/Boeing dispute and the Section 232 tariffs on steel and aluminium products. We look forward to the June 14<sup>th</sup> EU-US Summit and hope that major announcements will be made on these files then. We must also focus on the future of our relation.

I would like to point to one particularly promising area of cooperation with the US, which is regulatory cooperation. We have many untapped opportunities to remove financially burdensome red tape and strengthen the transatlantic economic partnership. We are in a global technological race and it will be increasingly important for the sake of our businesses' competitiveness that we strive for a close transatlantic regulatory space, especially for emerging digital-, energy-, and climate-related technologies. There is a huge potential for important investments to develop zero emission and climate neutral products for our businesses. That is why the EPP strongly supports the Commission's idea of establishing a Trade and Technology Council, where both sides could exchange best regulatory practices and strive for close regulatory cooperation.

I will stop there and I look forward to your questions.