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The Future of European Trade: Traditional values in tomorrow's economy

Europe has a proud cultural heritage, a heritage wonderfully differentiated in the EU's many regions and Member States, yet united ultimately around common core experiences and values. We have come together following conflict to rebuild and reunite. We share the hard-won benefits of democratic governance, respect for human rights and the rule of law. Our societies today continue to preserve what is best in our European heritage by valuing craftsmanship and high-quality goods, food that is fresh and natural, work that is respected and protected and a natural environment which is clean and responsibly managed.

We in the EPP remain committed to fighting to protect our shared heritage. We know that one of the best ways we can do this is in supporting trade that is free, fair and rules-based. Indeed, it is trade which has formed the foundation of post-war prosperity and cooperation. Trade means more than just exports and imports, investments and capital flows, tariffs and regulations. Trade means an exchange: an exchange of goods, of services, of best practices, of culture and ideas. Trade means deepening long-standing partnerships and forming new ones, building bridges with countries around the world. We have seen before throughout history the dangers of isolationism and protectionism; we will not go down that path again. We in the EPP are committed to building, together with partners from all over the world, a network of exchange, a network of ideas-sharing, which will set the standards for the 21st-century economy. At stake is global peace and prosperity itself, and with it, too, what is most worthy of preserving in our own European heritage.

Taking up our responsibilities as a global leader

The world is watching: watching to see whether the EU can speak and act as one voice as a reliable trade partner, whether we can follow through and deliver on the mandates decided on by the Member States; watching to see if we can show the way forward towards trade that is open, fair and governed by the rule of law. As single Member States, we are more-or-less small compared to global markets and power structures. But as a single unit, numbering 500 million citizens, we are strong — the world's largest economy. If we act as one, we can speak with a powerful voice for our values and help to shape globalisation.

These European values, such as the rule of law and democracy, are being challenged now more than we have seen in a long time. Forging trade deals with strong European allies like Canada and the United States will enable us not only to better withstand ongoing pressures; it will also allow us to lead by showing a better way forward: a way guided by democracy and diplomacy, fair commerce, shared values and legal protections.

The EU is also committed to deepening our relationships with other partners as well, countries like, for example, Japan and Australia, New Zealand, Malaysia, Vietnam, Tunisia, Ukraine and the several South American members of Mercosur. These countries are also on the move, and their

citizens aspire to share in, and to contribute to, the benefits of the safe, sustainable wealth creation which trade is so important in fostering.

Expanding the economic pie

More than 30 million EU jobs, or one in seven, already depends on trade with the outside world. For every €1 billion in exports, Europe sees 14,000 new jobs created. Most imports into the EU, in fact — a full 80% — are made up of raw materials, energy, parts and components, much of which is re-exported in higher-value goods. Our economy, our very way of life, depends on trade.

Most economists agree that in the context of slow global growth, increasing trade is one of the best ways to boost prosperity and create new jobs — jobs which tend to be better-paid. Eliminating tariffs can cut costs for consumers and producers alike; and careful harmonisation of standards among trade partners can reduce inefficiencies, expand market access and ultimately raise standards to the highest possible level. This just makes sense and is good for everyone.

Forging a common set of rules to play by also promotes competitiveness. European manufacturers, farmers and professionals are among the most productive and highly skilled in the world. Why should we be afraid for them to compete on equal terms? Why shouldn't Europe be the place investors most want to put their capital? Achieving these goals will mean building on clear, sensible, pro-growth policies; it will mean completing the Single Market; it will mean attracting the best and brightest students and professionals from around the world, who believe Europe offers a climate of innovation as well as a safe place for all participants in the social market economy.

Good trade agreements will especially benefit small and medium-sized enterprises (SMEs), which make up 99% of European firms. These are companies, for instance, which may have specialised goods, unique services or digital products ready to bring to new markets — if only tariff protections were removed or foreign regulations harmonised with EU rules. These companies are more likely to have smaller margins and thus fewer ways of overcoming legal or regulatory obstacles. It is SMEs, therefore, which stand to gain the most from the easier market access next-generation trade deals will allow.

Many European citizens have voiced the legitimate concern that even if trade deals prove successful in boosting growth over the long term, there may be some pain in the interim. They fear people will be left behind in a shifting economy. In order to address these concerns, we must build bridges so that no one falls through the cracks.

Next-generation trade agreements will thus include safeguards such as regular review processes and bilateral committees addressing specific issues like sustainability, geographical protections and procurement. But there are also other ways to make sure EU producers benefit from the same advantages of fair trade as those in other parts of the world. Modernising the EU's Trade Defence Instruments (TDIs) is a good place to start. The EPP, in addition, calls for more employment safeguards to be considered alongside the trade deals themselves: for example, re-training and upskilling programs for workers. We call for policies making it easier, not harder, for Europeans to find jobs and commute to work. We are proud, for example, of existing initiatives

like the European Globalisation Adjustment Fund (EGF), which provides support for those caught between jobs as a result of shifting trade patterns, and the European Fund for Strategic Investment (EFSI), which aims to support innovative companies needing only an additional boost of capital in order to flourish and grow. Policies like these will help protect against unfair competition and support those who may struggle in readjusting to expanded trade in a particular sector.

Showing pride in European quality

The EU maintains some of the highest standards and most sought-after products in the world. How can we, at the same time, both preserve the quality and availability of local products as well as grant our own producers the tools they need not just to survive but to expand their own market share? Trade deals which are robust and comprehensive offer Europe an opportunity to do this, to both preserve and promote our high standards and world-renowned quality to overseas consumers. The EPP will not sell out to lesser standards or lower levels of protection, and we will not give up the EU's right to regulate. Rather, we will push to ensure that EU-level standards become the new norms of 21st-century trade. The winners in this effort will be both EU consumers and producers.

Many of our citizens have expressed especial concerns regarding food safety and quality. The EPP calls for an ongoing commitment to protecting the precautionary principle in food safety: namely, this means ensuring that no food product not proven safe be allowed into the EU. Another issue facing European agriculture, however, is the challenge to stay competitive vis-à-vis global producers; this means ensuring our farmers have access to the cutting-edge technologies and modern organisational structures they need in order to continue bringing their high-quality goods to market. To address this concern, the EPP supports the existing Horizon 2020 programme's focus on agricultural education and R&D as a way to boost sustainable rural development. We call for continued work on a 'smart villages' initiative to reinforce these efforts and more specifically target the concerns of local farmers; we call for new efforts to ensure clear, standardised labelling across the EU in order to let consumers know, in clear language, exactly what they are buying. In short, we are committed both to protecting the high-quality standards of food sold in Europe as well as European farmers' own ability to remain competitive in an increasingly interdependent world.

Trade deals which our citizens have a say in

We know many citizens are concerned to ensure all negotiations remain democratically accountable. What would this ideally look like? Should our negotiators be expected to show us their cards during each round of talks? Should all local or regional governments be expected to sign off on a deal before the entire EU can benefit from it? The EPP affirms the European Commission's efforts to provide EU citizens as much information as possible without undermining the EU's negotiating position. In fact, never before has so much information been made available. And trade negotiations continue to become more democratic, not less. The European Parliament is involved in drafting each negotiation's mandate and remains fully informed at all stages of talks. Additionally, non-governmental organisations and other stakeholders provide input throughout the process. And once any deal is finalised, the Council of Ministers, reflecting democratically elected national governments, must sign on. This is

followed by debate and an up-or-down vote by the European Parliament, whose Members are directly accountable to their EU constituents. The EPP continues to believe it is the European Commission which has the authority to negotiate trade deals on behalf of EU Member States; we acknowledge the many, deep-rooted democratic processes already in place to keep the Commission accountable to its mandates. If national or EU-level leaders don't do their jobs, we should vote them out; in the meantime, we must let our representatives do the jobs they were elected for.

Being fair to EU investors and protecting EU public policy

Another concern expressed by many citizens has to do with investment protection. On the one hand, some are afraid foreign companies may act as a Trojan Horse to undermine EU regulation; on the other, it is important to protect our own EU investors from being caught in the potentially shifting sands of foreign governments' policies. Next-generation trade deals take into account the concerns of both EU investors and private citizens. The EU is building on the judicial systems already in place, in response to input and dialogue from all parties concerned, in order to create a more predictable, more accountable legal framework with fewer loopholes.

The Investment Court System (ICS), for example, represents a real step forward: decisions are made by publicly paid and well-trained independent judges following fully transparent procedures. The EPP will continue to support innovative solutions such as this in designing ever-fairer, more democratically responsive mechanisms for resolving disputes between states and investors. We must create a system in which our investors feel confident they will be protected against unforeseen policy changes, while also ensuring that Member States can always set policies in the best interest of their citizens' safety and well-being. This is another issue on which the EU, and the EPP, is showing itself a leader in setting new rules for 21st-century trade.

A long tradition of moving forward

European peace and prosperity — indeed, the peace and prosperity of the world — have been built on trade of one kind or another. Chocolate, oil, water, wheat: we have come to take resources like these for granted. The same goes for technologies like arithmetic, dynamite, printing and Wi-Fi. Trade means not only developing products and ideas but also sharing them to every partner's mutual advantage. If we are to continue to enjoy the fruits of the European project, if we are to continue to maintain the high standards we have put in place in our societies with regard to safety, fairness and quality, we must take advantage of the opportunities presented to us now to lead the way forward, not retreat into the past. History has taught us this lesson. Free and fair, rules-based trade is good for European citizens, workers and consumers alike. It is good for European companies, especially SMEs. Trade offers a way to preserve European values and promote Europe's role in the world.