

# State of the Union 2017 – Trade Package: Commission unveils initiatives for a balanced and progressive trade policy



On 13 September, in his annual State of the Union address, President Jean-Claude **Juncker** stated: *“I want us to strengthen our European trade agenda. Yes, Europe is open for business. But there must be reciprocity. We have to get what we give. Trade is not something abstract. Trade is about jobs, creating new opportunities for Europe’s businesses big and small. Every additional €1 billion in exports supports 14,000 extra jobs in Europe. Trade is about exporting our standards, be they social or environmental standards, data protection or food safety requirements.”*

Following the State of the Union speech by President Jean-Claude **Juncker**, the Commission has today unveiled a weighty package of trade and investment proposals for a progressive and ambitious trade agenda. The proposals include the creation of a **European screening framework** to ensure that foreign direct investment does not compromise the EU’s strategic interests when it comes to security and public order, as well as **draft mandates to open trade negotiations with Australia and New Zealand**. In a move to make the EU’s trade policy the most transparent and inclusive in the world, the Commission has decided to set up an **Advisory Group on EU trade agreements** and to publish as of today any new proposal for negotiating mandates. Finally, today’s proposals include a draft mandate to start negotiations towards the creation of a **multilateral investment court**.

First Vice-President of the European Commission Frans **Timmermans** said: *“For free and fair trade we need to balance the opening of markets for trade and investment as key driver of our prosperity with international rules that uphold our high standards and common values and protect our interests. This is why we propose as part of the trade package a permanent multilateral investment court that is fair and impartial. Such a court system will enable us to get the right balance between the interests of states and investors and the necessary democratic legitimacy by ensuring independence, accountability and transparency.”*

Vice-President Jyrki **Katainen** said: *“Global trade needs to be proactively shaped and managed to ensure it is fair, projects values and remains firmly anchored in a rules-based system. With the rising threat of protectionism and weakened commitment of large players to global trade governance, the EU must step up to take the lead. Our approach is balanced and responsible: we open markets, but we also set high rules and standards to govern globalisation, and we make sure there is a level playing-field. Trade enables EU’s industry to thrive, it creates opportunities for SMEs to export and allows them to*

create jobs.”

Trade Commissioner Cecilia **Malmström** said: *“The world needs leaders in trade. The EU continues to champion free and fair trade, at the forefront of a group of like-minded countries. Today’s package of proposals shows this leadership in action. It also demonstrates our determination to develop EU trade policy in a way that’s as open and inclusive as possible. And in the coming weeks I will be working closely with the European Parliament and EU governments, through the Council of the EU, to move these proposals forward as quickly as possible.”*

The key elements of the package are:

- **A proposal for a European framework to screen foreign direct investment.** It will ensure that foreign investment remains a major source of growth in the EU while protecting the EU’s essential interests. The legislative proposal is accompanied by a set of further measures that take immediate effect. These are detailed in a dedicated Communication outlining the strategic need for such a screening.
- **Recommendations to the Council to open negotiations for trade agreements with Australia and New Zealand.** These agreements would build on the recent successful agreements with Canada, Vietnam, Singapore as well as Japan among others, expanding the alliance of partners committed to progressive rules for global trade.
- **A recommendation to the Council to open negotiations to establish a multilateral court for the settlement of investment disputes.** This major innovation in global governance would be yet another step towards a more transparent, coherent and fair approach to deal with company complaints under investment protection agreements.
- **Unprecedented transparency:** With the publication of the draft mandates for bilateral trade agreements with Australia and New Zealand, and for a multilateral agreement on investment dispute settlement, the Commission has decided to **publish as of now all its recommendations for negotiating directives for trade agreements** (known as negotiating mandates). When they are submitted to the European Parliament and the Council, those documents will in parallel be sent automatically to all national Parliaments and will be made available to the general public. This should allow for a wide and inclusive debate on the planned agreements from the start. The Commission asks Member States to ensure the involvement of the relevant national and regional stakeholders in trade talks at the earliest possible stage.
- **The creation of an Advisory Group on EU trade agreements.** The group will allow the Commission to engage with civil society and gather more easily different perspectives and insights from a wide and balanced group of stakeholders, ranging from trade unions, employers’ organisations, consumer groups and other non-governmental organisations. The creation of this Group is a continuation of the Commissions’ efforts to make trade policy even more transparent and inclusive.

The details of today’s trade package are outlined in the Communication on “A Progressive Trade Policy to Harness Globalisation”. It is accompanied by a progress report on the EU trade policy strategy “Trade for All” looking at

its implementation two years on.

## **Background**

Global trade is a key contributor to a competitive and prosperous European Union, with more than 30 million jobs supported by European exports to the rest of the world. 90% of future global growth will happen outside Europe's borders. A globally integrated economy therefore continues to benefit both large and small or medium-sized European companies, as well as European citizens, workers and consumers.

In October 2015 the Commission proposed a new trade and investment strategy for the European Union, entitled "Trade for All: Towards a more responsible trade and investment policy". Today's Communication and the five initiatives are intended to build on this strategy in the context of the Commission's broader Reflection Paper on Harnessing Globalisation from May 2017.

## **For More Information**

[Communication: A balanced and progressive trade policy to harness globalisation](#)

["Trade for all" implementation report](#)

[Press release on investment screening](#)

[Factsheet on investment screening](#)

[Draft mandate for negotiations with Australia](#)

[Draft mandate for negotiations with New Zealand](#)

[Factsheet on future negotiations with Australia and New Zealand](#)

[Draft mandate for negotiations to create a multilateral investment court](#)

[Factsheet on future negotiations for a multilateral investment court](#)

[Factsheet on transparency](#)

[PRESIDENT JEAN-CLAUDE JUNCKER'S State of the Union Address 2017](#)