

Thank you Mr. Lange for your kind introduction,

Dear Members of the European Parliament, Ladies and Gentlemen,

It is an honour and a pleasure to be here in the European Parliament and to have an opportunity to discuss with you, distinguished Members of the Committee on International Trade, very important area of trade and trade policy of the European Union.

This is indeed a special privilege and at the same time, a challenge, for Slovakia to take over, for the very first time, the Presidency of the Council of the European Union in this very important period for the future of the European Union.

Today I would like to use this meeting to present priorities of the Slovak Presidency in the area of trade policy in upcoming 6 months.

PRIORITIES SK PRES

TRADE FOR ALL

Allow me first to express our appreciation of the hard work of our predecessor and partner in TRIO – to the Dutch Presidency. We have a solid base to build upon and we hope for continuation of a good spirit of cooperation among all Members States as well as European Commission and European Parliament.

Slovakia as open and export oriented country believes in free, fair and balanced trade based on reciprocity and mutual advantages as a very important factor for future growth and jobs creation in the EU. We support responsible trade and investment strategy of the European Union and we will do our best to help European Commission in its implementation in real life in order to bring benefits to European Union and Member State's economies.

I would like also to stress that transparency, access to information and efficient cooperation of all European institutions are crucial.

Let me now to share with you some thoughts on main challenges in the field of the European Union trade policy and priorities during the Slovak Presidency.

SK PRES PRIORITIES

Completion of approval procedures and the preparation for the signature of the EU-Canada Comprehensive Economic and Trade Agreement (CETA) and the negotiations of Transatlantic Trade and Investment Partnership between the EU and the US (TTIP) will belong to the top priorities of our Presidency.

In the light of the current critical situation of our steel industry, preserving fair trade and competition and protection of EU market from dumped imports once again brought to the spotlight the proposal for modernisation of current EU legislative framework. Our Presidency has duly registered recent resolutions of the European Parliament criticizing lack of political will in the Council to achieve progress in TDI modernization and presenting strong political views on the issue of granting the market economy status to China. Modernization of the

TDI and the issue of granting of the market economy status to China will indeed be very difficult challenges during our Presidency.

Last but not least, we should not forget about important work to be done on multilateral level. We will continue our support to the World Trade Organisation (WTO) as we believe it is a guardian of a transparent and predictable multilateral trading system.

BREXIT

Slovakia as the incoming Presidency of the Council of the European Union wishes to be a reliable and constructive partner of the European Commission in the implementation of the EU's trade and investment strategy and continuation of different negotiating processes in which we are involved, at bilateral, plurilateral as well as multilateral level. However, we should reflect on and adapt to the recent new developments in the United Kingdom.

For the moment there are still a lot of uncertainties with respect to the way events will develop in the next days and months, but until Article 50 Treaty on Functioning of the EU (TFEU) is triggered the United Kingdom is still a member of the European Union with all its rights and obligations.

With regard to the impact on the perception of our trading partners, we have to see their position with respect to the ongoing and concluded negotiations, if one of the biggest economies of the EU is not in the constellation.)

Let me now to address priorities of our Presidency in more detail:

BILATERAL/REGIONAL

COMPREHENSIVE ECONOMIC AND TRADE AGREEMENT WITH CANADA (CETA)

- Signature of the **Comprehensive Economic and Trade Agreement (CETA) with Canada** is a political priority for the Presidency. It is a very good agreement for the EU, which will contribute to boosting growth and the creation of jobs. We therefore need to take advantage quickly of the benefits CETA offers.
- Now that the Commission has submitted to the Council and the European Parliament its proposals for signature, provisional application and conclusion, we have begun work in the Council with a view to signing the agreement at the EU-Canada Summit planned for 27 October.
- The Council already made it abundantly clear in 2014 that the Commission was to negotiate CETA as a mixed agreement. Hence, we welcome that the Commission has presented the agreement to the Council as a mixed agreement. This will make CETA subject to the ratification not only of this House, but also of national parliaments, which is key to vis-à-vis national parliaments but also public requests.
- The Council will now have to finalise the agreement in all EU languages. Following signature, the European Parliament will of course be asked to give its consent to CETA.
- In February 2016 the end of legal scrubbing process of the CETA text was announced, which remarkably included the new EU approach on investment protection and investment dispute settlement comprising an Investment Court System.

- Agreeing on Investment Court System with such an important G7 partner is a further step on the way to set a new modern standard in the area of investment protection and dispute settlement with increased right to regulate.
- The Council is also working on the question of provisional application of the agreement, which is crucial in terms of our credibility with Canada. It is too early to prejudge the outcome of this discussion, but one thing is clear: the investment provisions, including the new Investment Court System, will not be provisionally applied.

TRANSATLANTIC TRADE AND INVESTMENT PARTNERSHIP BETWEEN THE EUROPEAN UNION AND THE UNITED STATES (TTIP)

- On both sides of the Atlantic we are still committed to reaching a TTIP deal before the end of this year. While important progress has been made in the past months, there is still a lot of hard work ahead of us. The ongoing round will be crucial for success.
- While speed is important, we are also striving for a high level of ambition across - as well as within - all three pillars of the negotiations. We will not agree to a sub-optimal deal just for the sake of having a deal. A well balanced and high standard agreement is the only way forward. "TTIP light" is not an option.
- We support an ambitious and balanced agreement that will be acceptable and beneficial for EU and its Member States in all pillars of the negotiations - market access on goods, services, public procurement, regulatory cooperation, non-tariff measures and rules.
- The adopted negotiating mandate on TTIP is being respected. Right to regulate, European and Member States standards will not be lowered. TTIP, like any other FTAs, will not lead to any liberalisation of public, audiovisual, social, health, or educational services. As for the investment protection, the EU is pushing for a new modern system with Investment Court System with appeal system and reinforced right to regulate.
- During the September informal meeting of trade ministers we will take stock of the progress made and, on this basis, discuss the way forward.
- Improved access of Members of the European Parliament as well as members of national Parliaments to TTIP negotiating documents has contributed to strengthening transparency and ensuring appropriate democratic scrutiny of the TTIP talks. However, the recent leaks of TTIP classified documents serve no-one's interests. They are detrimental to the EU negotiating position, undermine our credibility in the negotiations, and could potentially reduce transparency and future access to certain TTIP documents.

FREE TRADE AGREEMENT WITH JAPAN

- So far, the progress made in the EU-Japan Free Trade Agreement negotiations has been disappointingly slow. Nevertheless, both sides are determined to finalise the deal in the course of this year, as most recently reaffirmed by EU leaders and Prime Minister Abe in the margins of the G7 summit in May.
- This will require shifting the gears in these negotiations as well as a display of strong political will, especially on the Japanese side, to address the most difficult outstanding issues. The objective for the coming months under our Presidency will be to continue

narrowing down the existing gaps, so as to be able to finalise the negotiations successfully.

- Increasing the pace of the negotiations does not mean, however, that we will sacrifice the contents. Quite on the contrary: we are determined to achieve a substantial agreement, with a satisfactory level of ambition in all key areas.

In addition to the CETA, TTIP and Japan, there is also on-going work with regard to negotiations with other trading partners.

COMPREHENSIVE AND AMBITIOUS AGREEMENT WITH MERCOSUR

- We attach great importance to the conclusion of a comprehensive and ambitious agreement with Mercosur that meets the EU's offensive and defensive interests.
- The exchange of offers with Mercosur in the areas of goods, public procurement and services in May was an important step in getting the negotiations back on track. As you know, several Member States were unhappy about the inclusion of quotas for sensitive agricultural products in the EU goods offer at this stage. In the end, the most sensitive products - beef and ethanol - were excluded.
- In this context, we are aware of the problems currently facing the EU agricultural sector. We very much welcome the Commission's decision to carry out a study of the cumulative impact of the EU's free trade negotiations on European agriculture, which is expected by September.

ACCESSION OF ECUADOR TO THE EU-COLOMBIA/PERU TRADE AGREEMENT

- We all agree on importance of Ecuador's accession to the EU-Colombia/Peru Trade Agreement and the need for the signature and provisional application of Ecuador's protocol of accession before the end of 2016 when the EU's autonomous trade measures for Ecuador expire.
- It has taken almost two years after the conclusion of the negotiations with Ecuador to get to this stage. A lot of time has been lost along the way. Nevertheless, the Council is making all possible efforts to be ready for the signature of the Protocol in November. Needless to say, Ecuador - as well as Colombia and Peru - will also have to be ready so that we can avoid further delays.
- We are confident that the European Parliament will play its part in ensuring the successful and timely finalisation of the process, so that Ecuador is given the support it needs in the difficult situation it is currently facing.

COMPREHENSIVE AND AMBITIOUS MODERNISATION OF THE TRADE PILLAR OF THE EU-MEXICO GLOBAL AGREEMENT

- A comprehensive and ambitious modernisation of the trade pillar of the EU-Mexico Global Agreement should create a coherent, complete, up-to-date legally binding framework for EU's trade relations with Mexico.

- The Slovak Republic welcomes the idea to start the negotiations with Mexico in a relatively short period of time. We expect that 1st official negotiating round would be held in September/October 2016.

Let me now to turn to some important legislative files to be discussed during our Presidency.

LEGISLATIVE PROPOSALS

MARKET ECONOMY STATUS TO CHINA (MES CN) + MODERNIZATION OF TRADE DEFENCE INSTRUMENTS (M/TDIS) + STEEL CRISIS

- The question of granting market economy status to China is one of unprecedented political significance for the EU, given its wide-ranging implications. Not only will it affect EU trade, but jobs and growth as well. Obviously, the EU must comply with its obligations under WTO law. It must also accommodate the legitimate concerns of European producers, while acknowledging China's position as a strategic trading partner.
- Pending a Commission proposal, the Council has not yet taken any position on whether to grant market economy status to China, nor on any conditions or mitigating measures that might accompany such a decision. We therefore look forward to the Commission's proposal and stand ready to work with the European Parliament and the Commission in the best interests of EU industry and European citizens.
- Obviously, we will take the time to examine the full potential impact of any decision. This is why the Council has welcomed the preparatory work which is being carried out by the Commission, in particular the open public consultation of stakeholders and a full impact assessment.
- In the context of the current crisis facing the EU steel industry, the Council has restarted technical discussions on the Commission's 2013 proposal regarding modernisation of the EU's Trade Defence Instruments. Now is a good moment to reconsider how to improve our existing trade defence mechanisms, in order to tackle unfair trade practices and distortions of competition, as well as ensure a global level playing field for EU companies.
- At the Council of 13 May, Trade ministers had a fruitful debate on the Commission's latest ideas in this regard, taking into account possibilities of accelerating anti-dumping procedures and changing the methodology for calculating profit margins. While the Council is generally positive on many of the Commission's suggestions, views remain divided on certain elements, in particular on the partial disapplication of the Lesser Duty Rule.
- Work will continue at technical level in the relevant Council working party, with a view to taking action at political level as soon as possible. However, it is too early to say which of the ideas put forward by the Commission as well as by some Member States will ultimately be acceptable for the Council.
- As Presidency, we will spare no efforts to facilitate a compromise within the Council, in view of engaging into close cooperation and dialogue with the Parliament as soon as possible.

INTERNATIONAL PROCUREMENT INSTRUMENT (IPI)

- In our view, EU has to address certain imbalances in the access to public procurement markets in third countries. It must be ensured that the IPI proposal is economically well balanced, does not increase the administrative burden, bureaucracy, does not distort the competitiveness on the EU internal market, neither cause any negative reactions in the form of retaliatory measures by third countries.
- But I need to say that the situation in the Council is very complicated and different views of Member States still remain.

MULTILATERAL/PLURILATERAL

WORLD TRADE ORGANIZATION

- Current focus of our trade policy is on negotiations of bilateral and regional agreements, but we should not forget about important work to be done on multilateral level. We will continue our support to the World Trade Organisation (WTO) as we believe it is a guardian of a transparent and predictable multilateral trading system.
- We will support its work, in particular the implementation of conclusions of the 10th Ministerial Conference of the WTO and so called post-Nairobi work programme, as well as further negotiations of the plurilateral Trade in Services Agreement (TiSA) and the Environmental Goods Agreement (EGA).
- For the proper functioning of the WTO we need strong and respected Director General, therefore we will pay close attention to the preparation of the election of the new DG.

CONCLUSION

Dear Mr. Chairman,

Distinguished Members of the INTA Committee,

At the conclusion allow me to underline that transparency, access to information and efficient cooperation of all European institutions are crucial. Stakes are high, but let me reiterate that we are committed to be active, responsible and efficient Presidency of the Council of the EU in the area of trade with realistic ambitions.

Thank you for your attention and I am looking forward to your questions.