



Trade must top EU agenda

Brussels – 25 June 2014 – Trade must be the key priority for the incoming European Commission and Parliament if growth and jobs are to return in force.

That was the message delivered by Trade Commissioner Karel De Gucht and a range of leading sector and expert analysts at an event hosted by spiritsEUROPE in Brussels last week.

Launching the *Spirits: A European Powerhouse For Trade* report, De Gucht said that future European growth depended on the ability of the Union to create and sustain high value trading relationships with the rest of the world.

“Over the next twenty years, 90 per cent of the world’s growth is going to happen outside of the European Union’s borders. Producing high value added goods is essential for a developed economy like ours – because high value goods incorporating skill and experience – allow for well paying jobs for people with those skills and that experience. This is relevant across the board for the European economy,” De Gucht told the audience.

De Gucht’s view is backed by spiritsEUROPE Director General Paul Skehan:

“Trade needs to top the EU agenda. This is not a selfish request, but a win-win proposal for Europe. Local spirits are flying the European flag abroad, but we can achieve so much more.”

The event, held at the Press Club in the heart of the European quarter, attracted a large attendance including a wide range of diplomatic representatives, journalists, policy experts and people working within the sector.

spiritsEUROPE has outlined seven key themes for the incoming Commission to focus on as it develops and pushes Europe’s trade policy over the next five years. The major focus is on concluding bilateral trade negotiations with main trading partners like the USA and Japan and in emerging markets like China, India and Latin America.

European producers of all stripes also urge the EU to reinforce its market access mechanisms to ensure fair and free trade and by policing existing agreements. Intellectual property rights, cornerstone of a high value economy, must be zealously guarded.

Dialogue with trading partners over regulatory regimes must be a high priority as should the role of the World Trade Organisation in promoting and securing global conditions conducive to free trade. And finally, trade policy should be based on solid evidence, an issue of particular importance for sectors such as spirits production.

De Gucht said that Europe’s trade policy aligned with these goals and that it was the responsibility of government to ensure they were met.

“Intellectual property is how we monetise quality. It’s essential for the model of a European economy that specialises in the high value tasks of global value chains. Governments around the world make decisions that affect your ability to do business every day – like levying a





discriminatory excise duty or using unfair methods to value goods at the border.

“By getting in the way of your exports, they undermine your ability to bring growth back home to Europe. The underlying goal of the European Union’s trade policy is to make sure that those decisions are made in a fair and balanced way,” he said.

It is difficult to understate the success of the European spirits sector, and its importance to the European economy. In a time of savage austerity borne from the international financial crisis, and associated economic trauma across the continent, the spirits sector has seen enormous growth into crucial overseas export market.

Over the decade to 2013, **European spirits exports have doubled to €10bn a year, contributing a net trade balance of €8.6bn to the European Union in 2013.** The spirits sector also provides much needed revenue for EU governments through taxes like VAT and excise duties - €21bn across EU exchequers in the last year alone.

This translates into over one million European jobs directly dependent on the spirits sector. As the EU’s biggest agri-food exporter, the spirits producers have forged relationships with the world’s biggest markets - €3.3bn in exports to the United States, €1bn to Singapore, which acts as the logistics hub for Southeast Asia and of vital importance for the future, €465m with China, a figure set to grow steeply in the future.

De Gucht acknowledged that the recent European elections had seen the rise of politicians opposed to continuing liberalisation of international trade, but

emphasised that their arguments must be countered and defeated.

“As the European elections have confirmed, some – a minority but a significant one – wish to react to these challenges by shutting our doors. I do not believe that would be anything other than a disaster for the European Union.

“People need to know that shoppers in China and the United States are buying high quality goods from all across Europe. And they need to know what that means for their local economies,” he said.

The lively event heard from a range of other speakers, including Catherine Le Page, Director of the Bureau National Interprofessionnel du Cognac (BNIC) and David Frost, Chief Executive of the Scotch Whisky Association.



Catherine Le Page provided an informative and engaging overview of Cognac and **reiterated the importance of local production methods** – as enshrined in the EU’s Geographical Indications policy – to the sector. She highlighted the constant efforts of the BNIC in the past 15 years, with strong support from the European Commission, in order to protect the GI Cognac all over the world

David Frost emphasised the importance of securing free trade agreements in developing markets and **called for “more creativity” in negotiating such deals.** He said he understood the concerns of those in the room



who felt that the Commission DG Trade was short on resources given its immense workload, but said that “*the sector supports the Commission*” in its efforts to promote a more effective trade framework for European producers.

Widely respected economist and analyst Hosuk Lee-Makiyama, Director of the European Centre for International Political Economy, delivered a challenging presentation in which he demonstrated that **the next fifteen years would be critical to determining Europe’s economic future**, especially as developments like the Trans Pacific Partnership began to have an impact on global trade.

“It is no longer about us. It is about the rest of the world. We are not facing up to the

challenge of free trade. Even if we conclude the FTAs with the United States and Japan, it will just keep us at the status quo. The GDP effect of TPP in terms of trade diversion away from Europe is the equal amount of the benefits we create.

“We can decide to lose big or stay where we are, and we have to choose the latter. What worries me in this context is that we are starting to lose the initiative.” he said.

Having absorbed Makiyama’s challenging analysis – albeit one that identified sectors like spirits as exemplars of the way in which Europe can prosper in the new reality – the event broke to enjoy an early evening cocktail.

PROGRAMME ON 25 JUNE 2014

Key note speech by **Karel De Gucht**, EU Trade Commissioner

Paul Skehan, Director General, spiritsEUROPE: **spirits, a power house to trading growth**

“The cocktail recipe for success abroad”:

- **Catherine Le Page**, Director, Bureau National Interprofessionnel du Cognac (BNIC)
 - **David Frost**, Chief Executive, Scotch Whisky Association (SWA)
- **Hosuk Lee-Makiyama**, Director, European Centre for International Political Economy (ECIPE)



Karel De Gucht, EU Trade Commissioner of the European Commission 2010-2014

Karel De Gucht is the EU Trade Commissioner and took up his appointment in President Barroso’s Commission in February 2010. As the EU Trade Commissioner, one of Mr De Gucht’s primary objectives is to pursue the ongoing efforts towards global free trade. This includes the major goal of the completion of the Doha trade negotiation round of the World Trade Organization.

Prior to his current role, Karel De Gucht held numerous senior political positions in the European Parliament, the European Commission and also in the Belgian Federal Parliament, including Deputy Prime Minister of Belgium, European Commissioner for Development and Humanitarian Aid, and as a Flemish and European MP.

Mr De Gucht was a Member of the Belgian House of Representatives from 2003 until 2009, during which time he held the portfolios of Minister for Foreign Affairs and European Affairs (2004-2009) and Minister for International Trade (2003-2009). He is also a Professor in European law at the Vrije Universiteit Brussel.



Paul Skehan, Director General,
spiritsEUROPE

Paul Skehan joined spiritsEUROPE on 1 November 2011. Prior to that he acted as Director of the European Retail Round Table for 4 years and as Deputy Secretary General of EUROCHAMBRES for 10 years. Before joining EUROCHAMBRES, Paul worked as CEO of the Chambers of Commerce of Ireland, having spent several years before that in the Irish Industrial Development Authority – responsible for attracting, and developing industry in Ireland.

He has a Bachelor of Commerce degree from University College Dublin, and an MBA from UBI/Mercer University.



Catherine Le Page, Director, BNIC

Catherine Le Page is Director of the B.N.I.C. (Bureau National Interprofessionnel du Cognac) which vocation is development and protection of Cognac Appellation. Graduated from the College of Europe in Bruges (Belgium), she is specialised in Agriculture and European affairs.

She worked for the European Commission and for the agri-food sector at the regional development Committee in Brittany. Before joining BNIC, she worked for the Var Region as Director of Agriculture, Rural Development Europe and the Analysis Laboratory



David Frost, Chief Executive, SWA

David Frost CMG is Chief Executive of the Scotch Whisky Association, one of Britain's biggest trade associations.

He spent 25 years as a diplomat in the British Foreign Office, where he was inter alia British Ambassador to Denmark, Director for the European Union, and Head of the Planning Staff. He has been posted in Brussels (EU), New York (UN), and Paris.

More recently he was Britain's most senior trade policy official and Full Member of the EU's Trade Policy Committee. He is a specialist in and commentator on the European Union, global economic and commercial issues, and multilateral diplomacy



Hosuk Lee-Makiyama, Director,
ECIPE

Hosuk Lee-Makiyama is Director of the European Centre for International Political Economy (ECIPE). He has published several papers and articles for ECIPE since 2010 on free trade negotiations, EU-Asia relations, World Trade Organization, services trade, privacy and the digital economy.

Prior to joining ECIPE, he was the Senior Advisor on WTO issues to the EU Presidency of Sweden, serving in Geneva as EU chairperson on trade in services, intellectual property, customs-technical issues and their related UN/WTO-bodies.

He represented the EU in World Intellectual Property Organisation (WIPO) and served also on the executive committee of the UN Economic Commission for Europe (UNECE). He also worked in the private sector advising Fortune 500 companies and served on the European board of governors of a top 3 US PR/advertising group.