

**Ambassador David O'Sullivan
European Union Ambassador to the United States**

**At the Atlantic Council's EuroGrowth Spring conference on
"Protectionism, Data Privacy, and the Transatlantic Partnership"**

April 11th, 2018 – Washington D.C., USA

1. Ladies and Gentlemen, I am delighted to be here at the Atlantic Council for the 'Spring Euro Growth conference', which kicks-off a series of high-level discussions and talks running up to the Spring Meetings of the World Bank and the IMF.
2. I am, as ever, very grateful to the Atlantic Council for their continued interest in transatlantic relations, and for putting European issues on the agenda in Washington.
3. As you may be aware, we will have a considerable number of senior European leaders visiting Washington DC next week for the Spring Meetings, including Vice President Valdis Dombrovskis, and Commissioners Johannes Hahn, Neven Mimica, and Pierre Moscovici. Later this week, we welcome the European Commissioner for Competition, Margrethe Vestager, who will meet U.S. competition authorities.
4. Looking at the bigger picture of transatlantic relations these days, I think it is true to say that we really do have a hugely important relationship across the Atlantic.
5. As Assistant Secretary of State for European Affairs Wess Mitchell said in his speech last week commemorating the 70th anniversary of the signing of the Marshall Plan into U.S. law, America's commitment to peace and prosperity in Europe – which was a foundation of the wider multilateral approach – has ultimately "*engineered the great Western economic miracle of the post-war world*", and the considerable expansion of American national wealth. Wess Mitchell added that "*with this united strength, we've managed to resist the Soviet Union until its demise.*"
6. And it is very true – history has shown that America is stronger when Europe is united, strong and prosperous.
7. I have spent three and a half years as the European Union's Ambassador to the United States. I spent a proportion of my first three years countering the notion that Europe was falling apart – that the Euro was going to collapse, that Greece was going to leave the Euro, that Europe would

be overwhelmed by refugees, terrorism and Brexit... I think I can say that the news out of Europe these days is positive.

8. The economic fundamentals of Europe are good. As President Juncker said recently in his speech to the European Parliament, we have the "*wind in our sails*":
 - EU's economy grew by 2.5% in 2017 – exceeding U.S. economic growth slightly (at 2.3%);
 - we are taking advantage of this positive economic cycle to continue our efforts to reduce public deficit and debt;
 - general EU government deficit is expected to reach -1.2% in 2017, a historic low;
 - unemployment has fallen from double digits to single digits; and
 - we are seeing an economic turnaround in countries that recently exited bail-out programmes.
9. This is the result of the tough and difficult economic decisions taken by our Member States, and we are on a much more positive trajectory. Our approach has shown that you can generate growth with sound public finance and without increasing the burden for the next generation.
10. EU debt to GDP ratio remains high, but declined to 79.8% in 2017. We continue to take advantage of the positive macroeconomic environment to improve our position.
11. And when it comes to EU-U.S. trade – the transatlantic corridor is, by far, the single most important economic corridor in the world bar none. We trade with each other, and invest in each other far more than we do with any other trading partner.
12. It is important to bear in mind that this partnership is fair and balanced. The American economy is open, relatively low-tariff and rules-based. And it is the same for the European Union.
13. We are among the most transparent and fairest trading partners to be found anywhere in the world. Of course, we can always identify examples of challenges in the EU-U.S. trade relationship, but they are minor compared to the 'big picture'. The sheer magnitude of how much we trade and invest with each other. Nearly 80% of foreign direct investments in the U.S. come from EU Member states. We create 15 million jobs across the Atlantic.

14. And when I reflect on the extent of this trade and investment relationship, a significant proportion of commercial traffic across the Atlantic is actually intra-company trade: transactions that occur between two subsidiaries of the same parent company, across the Atlantic.
15. The EU-28 is the largest market for U.S. exporters – 44 out of 50 U.S. States export more to the EU than they do to China.

So, creating barriers to the flow of transatlantic trade and investment would be detrimental to growth and jobs on both sides of the Atlantic; and would affect the global economy.

16. We should take advantage of the current global prosperity to address unemployment, ensure sound public finance and prevent the mistakes of the past from reappearing in our future.
17. Europe has, broadly speaking, recovered from the financial crisis – all our Member States report positive growth; Europe as a whole is entering its sixth consecutive year of growth. The crisis affected our side of the Atlantic harshly, despite its origins here. We should strive to limit economic uncertainty by avoiding any talk of protectionism.
18. We saw the volatility in the markets as they reacted to the uncertainty and fears over potential trade restrictions. Restrictions and fears that may, in turn, affect investment and production.
19. We regret the decision of the U.S. Administration to impose import tariffs on steel and aluminium. We welcome the subsequent decision to temporarily exempt the EU from such measures, and we call for that exemption to be made permanent.
20. Let me be very clear – we do not believe that European steel and aluminium exports are the source of the problem, or that they deserve in any way to be treated in a discriminatory fashion. We are the second largest exporter of these products to the U.S. by volume, and the largest by value.
21. And that is for a very good reason. Our steel and aluminium exports are very high-quality, specialised, niche products that U.S. companies need for U.S. production. We do not see how U.S. demand for our products could, in any way, be considered as a threat to U.S. national security, either in a narrow political sense, or even in a broader economic sense.
22. While the U.S. is still discussing this issue, we will ensure that the interests of the EU are fully protected, and we reserve the rights of the EU – in compliance with WTO rules – to respond as appropriate and in a proportionate manner.

23. We believe deeply in open, free and fair trade. But we are not naïve free traders. We know that trade can be a disrupter. You need accompanying domestic public policy initiatives to mitigate some of the negative consequences which can stem from trade liberalisation – jobs created in some regions, while lost in others – and help maximise trade benefits.
24. We believe that balanced trade deals are 'win-win'. We just concluded a comprehensive deal with Canada. We are upgrading our free trade agreement with Mexico. We are about to sign a comprehensive deal with Japan. The largest free trade deal ever concluded, representing 30% of world GDP. And we have ongoing trade negotiations with Mercosur and ASEAN, complementing the agreements reached with Japan and Singapore.
25. The European Union will soon be at the center of the largest free trade network the world has ever seen. There is a strong commitment in Europe to keep markets open. And we in Europe are profoundly convinced that constructive and well-crafted deals give 'win-win' outcomes.
26. Our trade policy is about creating economic opportunities, enforcing trade rules better, and upholding high standards and values. President Trump has highlighted the need for 'fair trade', and we can agree with that. Trade should not be a race-to-the-bottom. We believe trade agreements should include high standards – social and environmental standards, protection of intellectual property rights, data protection and privacy, and food safety requirements.
27. We will continue to pursue a robust trading policy promoting open, fair, rules-based mutually beneficial trade. We seek a level playing field. And above all, we believe in respect of the international rules of the WTO as the ultimate safeguard for keeping global trading flows moving. We have to preserve and protect the international rules-based system of the WTO and its arbitration mechanism – there is no effective right without remedy.
28. We have seen worldwide Intellectual Property Rights infringement reach unprecedented levels. Infringements that undermine European and U.S. economic growth and affect the capacity of our companies to create and innovate.
29. We must strive, through multilateral and bilateral negotiations, to enhance protection and enforcement of international protections across the globe – in particular, among our key trading partners. We must protect our copyrights and related rights, trade marks, patents, plant varieties, designs and geographical indications.
30. We stand ready to deepen our cooperation with the U.S. to tackle this common challenge, with focus on priority countries such as China where we estimate 80% of seized counterfeit goods originate.

31. I want to emphasise that in this area – as in steel and aluminium overcapacity – we share many of the concerns of this Administration about China's behaviour. And we are willing to make common calls to try to change that behaviour. To put maximum pressure on China to address a number of problems in the global trading system for which they bear particular responsibility.
32. As you know, we in Europe believe that data protection and privacy are fundamental rights. As a rule, personal data should not be used without the consent of the person concerned. We have strong data protection rules to protect this fundamental right within the EU.
33. This protection will become stronger when the new EU General Data Protection Regulation (GDPR) comes into effect across the EU on 25 May. It is a comprehensive overhaul of our privacy regulations. We have learned from the experience of the previous twenty years to introduce additional safeguards.
34. Essentially, GDPR – this 'Bill of Rights' for EU citizens vis-à-vis their data – will provide 'data subjects' in Europe with new rights and more control over personal data, including the right to ask for the personal data an organisation holds on you, and a clarified right to be forgotten.
35. We have seen the growing Facebook data breach over the past few weeks. From an EU perspective, the unauthorised access to, and further misuse of, personal data belonging to Facebook users is not acceptable.
36. As European Commissioner for Justice, Vera Jourová, said, "*The Facebook / Cambridge Analytica case is not only about protection of personal data. It might have a huge impact on our democratic debate and on our elections. It is a wake-up call for all of us; data protection is not an aim in itself, it is important for the quality of our democratic debate*".
37. Thankfully, we believe we have good frameworks to protect and enforce transatlantic data protection through the EU-U.S. Umbrella Agreement and Privacy Shield.
38. Today, more than 2,700 entities have subscribed to Privacy Shield – a modern, GDPR-compatible, 21st century agreement that reinforces commitments on the handling of personal data transferred from Europe to the U.S., and on enforcement for infringements of access and use. Privacy Shield has proven very successful, and we have high expectations for its durability.
39. Last September, Commissioner Jourová conducted the first annual review jointly with Secretary of Commerce Wilbur Ross. The outcome was positive. We concluded that the U.S. continues to ensure an adequate level of protection for personal data transferred under Privacy Shield.

40. But companies can do more to build trust with their European customers, including by filing transparency reports on the number of requests intelligence agencies make to access user data. To ensure these requests remain necessary and proportionate.
41. And we maintain our calls for the implementation of the recommendations made during this review. This is key to the durability of Privacy Shield Framework.
42. The big difference between Privacy Shield and its predecessor, Safe Harbour, is the built-in annual review mechanism. Regular reviews enable us to make adjustments when new information comes to light and ensure Privacy Shield is a robust instrument.
43. In conclusion, I would like to reinforce that our transatlantic relationship goes far beyond a purely mercantilist approach, or the defence of national interests. Our cooperation is not a zero-sum game. Our partnership has been 'win-win' for decades. We have thrived together.
44. We have so much in common, as demonstrated by the breadth and depth of the transatlantic relationship – trade and investment, security and defense, global issues; and the values agenda – democracy, human rights and the rule of law.
45. Our democracies are being attacked by authoritarian regimes. We must stand together and not lose sight of this big picture.
46. Europe is assuming great responsibilities in global affairs today. The EU and its Member States fund 56% of the world's total development and humanitarian assistance. Like the U.S. in the aftermath of the Second World War, we do that because it serves both our values and our strategic interests. And we will seek to keep acting as a force for good around the globe, do our fair share when it comes to tackling global issues, from security and defense to trade, development, humanitarian aid and climate action. And I hope that we can do that always in very close partnership with the U.S.
47. A strong Europe means a strong America. George Marshall and Harry Truman understood that perfectly. We remain the United States' best friends of first resort, not just in the good times, but allies you can turn to during the tough times.
48. Thank you.

-- END --