

Protectionism and realism?
Fight against Protectionism and Need for reciprocity

Signe Ratso

DG TRADE Director for Trade Strategy and Analysis

SPEAKING POINTS (15/11/2017)

- **EU dredgers** are leaders worldwide and owe this to their strong skills and experience and to the fact that they continue to invest in human capital as well as in a state-of-the-art fleet of technologically very advanced vessels.
- We count EuDA as one of our strong supporters in trade negotiations, and we have obtained important results in this field, notably in CETA. We aim to pursue similar objectives in our ongoing negotiations.
- EuDA's input and support is very important for all our negotiations, in order for us to know exactly which barriers and limitations we have to address as a priority, and most importantly how. Substantial restrictions concerning 'cabotage' are common around the world and to overcome or reduce them is a very difficult exercise. But this might sometimes be achievable, if we can convince our partners that more competition and the use of more experienced people and of more technologically advanced techniques (vessels) can result in a clear economic benefit for most of the economic operators and the public. Concrete examples of this for each negotiation (as it was done for TTIP) may help our work considerably.

- When speaking about **how to tackle protectionism** worldwide, I would first like to mention **Market Access Partnership**, our ground battle together with Member States and European industry to remove trade barriers.
- The importance of market access work has increased significantly over the last years. First, because protectionism is on the rise and second, because the world is becoming more transactional — and while we can certainly keep removing trade barriers via FTAs as we have just shown with Canada or Japan, the hard-nosed, day-to-day work on market access we perform together takes more prominence than ever before.
- We follow a pragmatic approach, work on the basis of real barriers that EU companies report to us – including border measures, unjustified regulatory barriers, subsidies etc.
- In June we published our flagship **Report on Trade and Investment Barriers**.
- The report first confirmed that the rise of protectionism is real, and that it affects European firms and their workers.
- In 2016 alone, EU exporters reported 36 new barriers, reaching a total stock of 372 obstacles in 51 countries across the world. This is a lot. Unfortunately, G20 countries account for the highest number of barriers: Russia, China, India – to mention a few.
- But we are taking action. President Juncker in his State of the Union speech in September was very clear calling for reciprocity,

stressing that "we are not naïve" and that "Europe must always defend its strategic interests."

- Our Report also unveiled good news: our reinforced Market Access Strategy is delivering in tackling barriers.
- Just during the course of last year, a total of 20 existing obstacles – including several long-standing ones – were resolved in 12 different countries around the world in several sectors.
- It confirmed once again that this Market Access work creates additional export opportunities for EU companies – including small and bigger companies alike - amounting to billions of Euros each year, or the equivalent of a medium sized trade agreement such as the one with Colombia.
- The positive results of our reinforced partnership will continue to rely on the joint efforts between COM, MS and you - business. We can and we must do even more together to tackle the rise in protectionism.
- Now about **the sector of your interest:**
In order to fully open up markets for dredging, we need to tackle trade barriers also in the area of **public procurement**. Namely, most important dredging contracts are concluded by public entities, either at the central government level or at local level.
- Our trade negotiations therefore aim at achieving market access commitments also with respect to government procurement. Our primary aim is to ensure that EU suppliers and service providers are treated on an equal basis with national and local businesses.

- Unfortunately, government procurement is an area where protectionist policies play a central role. Third countries often see procurement as a means to obtain domestic policy goals and therefore impose various types of "buy local" conditions. The US makes no exception with the various Buy American programs.
- Access to public contracts in dredging was one of the EU's top priorities in TTIP negotiations. EuDA provided us valuable insights for the negotiations.
- Unfortunately the US has chosen to pursue an even more protectionist route in the procurement area. President Trump signed an Executive order on "Buy American" on 18 April. This order explicitly calls for measures to maximise the use of goods, products and materials produced in the US.
- The US administration is expected to consider recommendations on the possible strengthening of Buy American at the end of this month. We have reacted to this initiative at various levels. We also launched a discussion at the WTO Government Procurement committee in October.
- We believe that a possible extension of Buy American rules would have a negative impact on international trade and investment. In general, the EU believes that this kind of policy reduces competition, raises the price of goods and services and is costly to taxpayers.

In conclusion, protectionism is clearly not a medicine but rather a poison pill. Therefore, the EU does not resort to protectionism but continues to open the markets for the European companies by means of:

- Supporting the strong multilateral system;
- Negotiating FTAs – eg. CETA in provisional application since Sept., JAP – political conclusion, MEX, Mercosur to be concluded shortly, new mandates for Chile, AUSTR, NZ.
- FTA implementation (1st annual report published last week), enforcement of rights (TDI, DS) – Europe that protects.