

## **Silt Happens**

Speech by Cecilia Malmström

European Commissioner for Trade

European Dredging Association 25<sup>th</sup> Anniversary

Brussels, 15.11.2018

*15-20 min*

Ladies and gentlemen,

Thank you for inviting Commissioner Malmström who, due to institutional commitments, cannot be with you today.

It is instead my honour to address you today,

on the 25<sup>th</sup> anniversary of the European Dredging Association.

For a quarter of a century, the EuDA has been representing its members' interests – by analysing policies, forming positions and lobbying institutions.

And it's clearly effective in its mission –

the EuDA covers about 80% of the worldwide open dredging market.

Dredging is an important component of trade,

and trade is an engine for the European economy.

In a difficult time for trade globally–

dredging keeps our ports open and our goods moving. We thank you for that.

While your work is critical to trade,

we should not forget that it is also important to society at large.

Members of the EuDA directly employ 25 000 people.

If you include suppliers and services that number rises to over 48 000.

And when you go beyond dredging and factor in all of trade,  
that number becomes massive.

Trade supports over 30 million jobs in Europe.

Today I want to talk about the state of global trade.

Not just where we are,

but where we come from and where we are going.

## **TRANSFORMING TRADE**

At the beginning of Cecilia Malmström's mandate as Trade Commissioner,  
there were frequent demonstrations outside our offices.

Trade policy was often blamed for things that were not its fault –  
like domestic policy failures or the pains of globalisation.

However, some of the criticisms were valid.

They deserved a response.

And we have tried to respond.

We have been transforming trade policy.

We were criticised for being secretive,

then we became the most transparent trade negotiator in the world.

These days we publish all negotiating texts from the Commission and our  
recommendations.

We do that with material to explain them in a user-friendly way, on DG Trade's website.

To make the negotiations more inclusive,  
we engage widely with civil society –  
all across the European Union, but more regularly in Brussels.

We even have a specific group of experts from civil society who advise us on our trade agreements.

Increased openness and accountability have helped rebuild trust in trade.

And when we were criticised for not being inclusive,  
we doubled our efforts to spread the benefits of globalisation.  
For example, with small and medium-sized companies, SMEs.

They are chronically underrepresented in trade,  
and yet they are 99% of all businesses in the EU.

They have created 85% of all the new jobs in the EU in the last 5 years.

They were a good target for spreading the benefits of globalisation.

The EU- Japan trade agreement is the first to have a chapter specifically dedicated to SMEs, with easy to access information. But I am sure it will become a standard feature.

Some critics claimed that trade policy lowered standards.

So our response to that was to embed values in our trade agreements.

The European Union is the biggest trader in the world.

- The biggest exporter.
- The biggest importer.
- The biggest investor.

The EU has serious clout because it represents a market of 500 million consumers.

So, we have a responsibility in how we trade.

We have to do that in a responsible way.

Nowadays we have Trade and Sustainable Development chapters in all trade agreements. They include provisions on Human rights, labour standards and environmental standards.

But this is not the only way we have transformed trade.

## **21<sup>st</sup> CENTURY TRADE**

Modern trade agreements are quite complex agreements.

As you can expect, they typically abolish a lot of tariffs. Take our agreement with Canada for example.

CETA cuts 98% of tariffs.

It opens up markets and brings down barriers.

It lowers non-tariff barriers too.

And it is not just about goods.

Services for example.

Over 30 billion EUR in services were traded between the EU and Canada in 2015 – and they are only going to become more important in years to come.

Furthermore, European firms can now bid for Canadian public contracts, and European qualifications are recognised in Canada now.

For your industry in particular, CETA has made important inroads by opening up the Canadian market to EU companies, and by limiting license requirements for government procurement contracts related to dredging. This is significant, as the Canadian market is a lucrative one, estimated to be worth 150– 400 million Canada dollars per year.

Our new agreement with Japan is similarly modern.

It is the biggest bilateral trade agreement ever negotiated.

It covers an area of over 630 million people.

When signed, approved and implemented,

it will account for one quarter of the world's GDP.

Japan is a highly protected market.

Our agreement will break down these barriers, stimulating business while passing on savings to consumers.

It will tackle other barriers for EU products too, like the lengthy procedures surrounding fruit exports.

EU firms will be able to sell services and to bid for more public contracts in Japan – in particular, in railway contracts.

It will give official recognition to over 200 certified European delicacies, protecting them from imitations.

Besides these we have closed agreements with Mexico, Singapore and Vietnam.

Soon we hope to have an updated agreement with Chile, and work on Mercosur is moving ahead.

We have also opened negotiations with Australia and New Zealand.

And each of these are modern agreements – all with features and updates for 21<sup>st</sup> century trade.

## **LOOKING TO THE FUTURE**

These days, there are no longer protesters in the street outside our office.

People have more trust in trade again.

Member States have never been so united behind our policy.

I bet Csr Malmström will go down in history as the Csr that delivered a record number of trade agreements for Europe.

Very good, for in the next several years, 90% of global growth will take place beyond our borders. We need to connect to that growth.

Still, everything is not find and dandy.

- **Actually, global free trade is facing a severe crisis.**

- The international rules-based trading system is facing its deepest crisis since the end of WWII. The rules at the core of the international trading system are increasingly being challenged by some of the major global players, including one that was instrumental in building this multilateral order.

- So, what shall we do?

- To start with, we need to modernize the international rule-book.

- The EU is a leading advocate of open, rules-based trade, with the World Trade Organisation at its centre. Over decades, together with our partners we have designed a clear set of rules that create *certainty for business* and *stability for our economies*.

- Doing away with the WTO would only increase confrontation and replace right by might. However, we need to acknowledge that the current trade rules do not properly address the problematic behaviour of certain emerging economies, notably China.

- This is why the Commission is so keen to reform the WTO.

- We need modernized rules to address the challenges of our time, such as intellectual property theft, forced technology transfers, industrial subsidies, distortions created by SOEs, and overcapacity.
- We also need to overcome the imminent deadlock on the WTO dispute settlement system. The US is blocking appointments of new arbitrators to the Appellate Body, that is supposed to enforce the rules we have set up together.

Soon we will not have enough arbitrators to operate.

And the rules have no meaning if they are not enforced.

It would bring an end to a critical part of the liberal world order.

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But we believe, and many others as well, in a rules-based global system, and we are prepared to stand up for it.

## **US CLOSING**

This blocking of the WTO looks like part of a pattern.

Recently we have seen the US withdraw from many international agreements and systems.

The Paris Agreement and the Iran nuclear deal.



More recently, they announced they would be leaving the UN Human Rights Council and the Intermediate-Range Nuclear Forces Treaty.

This is disappointing.

The US are working to dismantle an architecture they themselves helped build.

The aim of the WTO, and its predecessor GATT, was to create a stable environment for global trade.

The plan was largely successful.

Ever since global trade has thrived.

The world has become more prosperous.

Trade has lifted millions out of poverty.

It has built strong connections between countries.

And indeed, trade has been a critical element of the EU's influence in the world.

The EU is not prepared to give up on the WTO.

So, we continue to engage with the US.

We are actually working with the US and Japan to cooperate and update the rulebook. For instance, in addressing the challenges posed by China's state-led economy. Here we need new rules. The EU is also engaging with China in a w-group on WTO-reform, and with a number of other WTO-members.

We hope that through productive engagement and working together,

the US will see the benefits of multilateralism –  
just as they did in the past.

## **CONCLUSION**

Dredging is an industry that relies on open trade and open borders.

Not just to keep demand high,

but you understand the other benefits too.

Open trade spurs on competitiveness, technological advantages and other vital elements of a healthy industry.

It is a fundamental economic freedom,

and central to the EU's power in the world.

Trade has overcome many obstacles in recent years.

But just as a waterway or a port needs to be maintained,

so does our trade policy.

So we will continue to work –

and I hope that we can continue to rely on your vocal support for trade also during the next 25 years or so.

Let me end by wishing you a very Happy Birthday!

Thank you.