

Speech by Minister for Foreign Trade and Development Cooperation Tom de Bruijn at the Congress of the Fédération Internationale pour le Droit Européen (FIDE), The Hague, Friday 5 November 2021

Introduction

Mesdames, Messieurs,

Permettez-moi de m'adresser à vous en anglais, à l'instar du maire.

Thank you Jan, for hosting us at this beautiful location in The Hague – the city known as the home of international law and arbitration.

As you said, The Hague is a fitting location for this conference.

Because for everyone who is here tonight, the rule of law has a special meaning.

You understand better than anybody else how indispensable the rule of law is to democracy. You know how vital it is, as a safeguard that enables our democracies to function properly.

How it equips individuals and businesses to invoke their rights before independent courts.

And how it affects judicial cooperation, the Schengen area, the single market and the daily lives of our peoples.

The EU: a rules-based organisation

Of course, as Minister for Foreign Trade and Development Cooperation, my main focus is on the EU's external relations.

But the EU's external relations are shaped by its internal character.

The EU is, intrinsically, a rules-based organisation. Its acquis is the very fabric that binds its member states together.

So it shouldn't surprise us that the EU feels most comfortable in a rules-based global environment, since this is how we function ourselves.

This sets the EU apart from the other major players in the global arena.

But this distinction can have its disadvantages when power politics is needed to defend the rules-based international order.

The EU is an economic powerhouse, yet it is reluctant to throw its economic weight around.

Our single market provides a predictable environment where companies know what the rules are and – if necessary – how to enforce them.

So in the international arena, too, the EU strives for a rules-based order where disputes are resolved peacefully.

Our companies and citizens prosper when the rules of the game don't change all the time. Rules need to be reliable and predictable.

Unfortunately, however, the rules-based international trade system we Europeans value so much is under pressure.

I see three main challenges:

- the paralysis in the World Trade Organization;
- the rise of state capitalism and unfair trading practices;
- and the nexus between trade, sustainable development and corporate social responsibility.

WTO

First, the WTO, which acts as a forum for trade negotiations, settles trade disputes between its members, and monitors national trade policies.

A well-functioning WTO is a cornerstone of the multilateral system.

But unfortunately the organisation is at risk of marginalisation.

This is due to a deadlock in negotiations, the blockage of institutional reforms and the paralysis of the dispute settlement mechanism.

And of course due to the COVID-19 pandemic and its harmful effects on global supply and value chains.

These are the reasons why we've been hearing certain buzzwords again on the global stage. Like 'decoupling', 'economic sovereignty' and 'self-sufficiency'.

These developments are not mere incidents. They are symptoms of an increasingly multipolar world, which is putting stress on the WTO's rules-based approach.

This is why the WTO's members need to change the institution to make it fit for the future.

By updating its rulebook, by developing policy on digital trade and services, and by anchoring sustainability firmly in the WTO agenda.

This will enable us to manage tensions between the major powers, ensure a level playing field and safeguard our planet for future generations.

So I hope that the WTO's 12th Ministerial Conference, which will take place in Geneva later this month, will be a success and show that the WTO still has a significant role to play.

Only by negotiating new rules can the WTO remain fit for purpose in this new era.

Level playing field

Secondly: a level playing field.

Ensuring a global level playing field is at the top of our political agenda. Our businesses increasingly have to operate in a world where countries instrumentalise trade as a geopolitical tool.

Here we see an apparent paradox: the EU needs to act more assertively and become more resilient, and at the same time uphold its commitment to openness and multilateralism.

But I don't think these two imperatives oppose one another.

In fact, I believe that the EU has a duty to defend an open, fair and rules-based global trading system.

The EU continues to push for reform at multilateral level, for example by adopting new rules on [industrial subsidies](#). Unfortunately change is slow to come.

So work is ongoing in Brussels on various legal instruments to expand the EU's trade toolbox.

We see this in discussions on an International Procurement Instrument.

We see it in the proposal for a Regulation to address distortions in the single market caused by foreign subsidies.

And we see it in the Commission's forthcoming proposal for an anti-coercion instrument.

The Netherlands believes the EU should have a robust trade toolbox.

Not so that the EU can join others in weaponising trade for geopolitical purposes. But so that the EU can act assertively and proportionately when others do not respect the rules.

We need a trade toolbox precisely in order to uphold rules-based trade.

Trade, equity and sustainable development

Finally, there is a nexus between trade, corporate social responsibility and sustainable development.

The EU's people and NGOs are demanding, rightly, that trade policy deliver on these issues.

Because trade only really works when it works for everyone. And we can only preserve our economies in the long term when we start working with nature in a sustainable way.

For instance: As our agricultural sector is affected by biodiversity loss due to declining animal pollination and soil fertility, financiers of these activities are facing risks.

For Dutch financial institutions alone, exposure to biodiversity loss is costing more than 500 billion euros.

This makes it vital for us to start working with nature in a sustainable way.

Allow me to quote President Eisenhower. At the height of the Cold War, his economic advisers briefed him about the potential impact of a nuclear war on the US dollar.

Eisenhower is said to have replied: 'Wait a minute, boys, [if there's a nuclear war, we're] not going to be reconstructing the dollar. We're going to be grubbing for worms.'

This is what we need to keep in mind when we discuss trade and our common future.

If we don't advance swiftly and efficiently towards a more sustainable future, and develop a green agenda for the WTO, our economies won't be of much use anymore.

This is why we need to act now.

While at the same time ensuring that trade is not just profitable for some, but equitable for all.

This means we need to make sure that the EU market is free of products made by forced labour, and that the supply chain is free of human rights violations and environmental damage.

We can only accomplish this if we work together.

In other words, if EU policies are coherent and consistent about risks to people and planet in global value chains.

This is why the Netherlands is strongly in favour of EU-level mandatory due diligence.

And why we are currently developing building blocks for legislation with a dual aim:

- to influence the European legislative trajectory;
- and to have these building blocks at hand for national legislation if the EU fails to deliver.

We hope an EU Action Plan will be in place soon.

A plan that focuses on shaping global supply chains sustainably and promoting transparency, human rights, and social and environmental standards for due diligence.

Conclusion

In other words, we need to strike a balance: between the benefits of open, competitive trade ...

... and increased resilience and sustainability, a more assertive stance towards unfair trade practices, and rules-based cooperation.

[Open trade should be founded on, and contribute to, sustainability, security and predictability, fair conditions of competition, and a level playing field.]

This is not an easy task. But it's vital if we want to build more resilient and sustainable societies, in which more people share in prosperity.

Ladies and gentlemen,

As I hope I've made clear, I firmly believe the EU will do better in a rules-based multilateral order.

That means working hard to adapt those rules to today's world.

And of course, to be credible in the global arena, the EU also needs to be a shining example of the rule of law within its own borders.

So I thank you for your efforts. And I wish you all a pleasant dinner and productive discussions.

Thank you.