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Ladies and gentlemen,

It's an honour to present the Netherlands' view of the Transatlantic Trade and Investment Partnership, or TTIP. To understand our perspective, you need to know what lies behind it.

The Netherlands is a small country and most of it lies below sea level. The second of these two facts has traditionally meant that if one landowner failed to maintain his dikes, other landowners would drown as well. The first fact – my country's small size – means that we have always had to work with others. We cannot rely on power and strength. We need common rules. So the need for cooperation and rules is ingrained in our genes.

It's no accident that Hugo de Groot was born in the Netherlands. I won't be exaggerating if I call him one of the greatest legal experts of all time. The founder of modern international law. The founder of international public law. He was also, by the way, a major influence on the American Revolution. But more on that later.

More important in the present context is the fact that Hugo de Groot – or Hugo Grotius, to use his Latin name – also shaped current thinking on the law of the sea and free trade. In his book *Mare Liberum* (or 'free sea'), published in 1609, he was the first to formulate the concept of a global community. He felt that the sea should be freely accessible. This, of course, reflects the interests of a seafaring trading nation.

Talking about a free sea, by the way, reminds me of certain instances where the seas are still not free. I will not mention your Jones Act – oops, I just did. But I would ask you to reconsider your policies on maritime services like dredging and feederling. I believe the US is doing itself a disservice. The lack of healthy competition and a level playing field is costing your taxpayers dearly, in my view.

For my country, I might add, open-sea policies paid off handsomely. The seventeenth century, the century of Hugo Grotius, became the Netherlands' Golden Age. The law of the sea made

possible the trade that enabled our small country to become one of the most prosperous and – for a considerable period – even one of the most powerful countries in the world.

That power has since waned, and is now more in keeping with our geographical size. In relative terms, our prosperity has also declined. Fortunately. Because this means that other countries are increasingly successful in securing their rightful share of global prosperity. In absolute terms, however, the Netherlands is now more prosperous than it's ever been. In other words, the Netherlands is better off than in the Golden Age, and the world as a whole is far better off than ever before.

Our relative power and influence may have waned, but what has not waned is our understanding of the need for cooperation in the broadest sense. The government in which I'm a minister is evidence of this. It's a coalition of two parties that have traditionally been opponents: left-wing social-democrats and right-wing liberals. The voters made us the largest parties. But only by joining forces did we have a majority. So we adopted the motto: building bridges. Bridges across the waters.

Our cooperation has been a success. We are working together to radically reform the Netherlands. The right-wing liberals place the emphasis on the development of the individual, and we social-democrats mainly focus on a sustainable and socially just system. We want to make progress, but leave no one behind. Everyone must be able to participate, and those unable to do so themselves receive help. Our goal is not just economic growth, but inclusive economic growth.

That, in a nutshell, and despite the crude generalisations, is the perspective from which the Netherlands views TTIP. The Netherlands has always sought a level playing field. This concept is simply a modern variant of what Hugo Grotius proposed with his general law of the sea. A small, seafaring trading nation thrives on stability and predictability, and these can only be guaranteed through clear, mutually agreed laws and norms. It is to this that we owe our prosperity.

From an economic perspective TTIP simply makes a lot of sense for both blocs. The EU and the US account for almost half of world GDP and almost one third of world trade. Every day, 2.7 billion dollars' worth of goods and services go back and forth over the ocean, employing 15 million people. Dutch trade and investments alone account for some 700,000 US jobs. It's fair to presume that this number will rise as a result of TTIP.

But apart from economic motives we also feel a moral duty to pursue these goals. We firmly believe in universal rights, equality and an inclusive global community. Or to paraphrase Hugo Grotius: *Mundus Liber*, a free world. These two Latin words, followed by a question mark, form the title of this speech: 'Mundus Liber?' I'll explain the reason for the question mark later.

TTIP is part of these efforts. But however far-reaching it may be, we see TTIP also as a building block. Because, in the long run, the inclusiveness we are seeking is a much wider concept. Our ultimate aim is to build something that spans the entire globe. A *Mundus Liber*. But the World Trade Organization's Doha round of negotiations shows that we need to proceed one step at a time. The EU and the US, already close partners, have the responsibility and the clout to take that first step together and show the way forward. So TTIP is an important step – towards a more distant goal. Our efforts to take governance to a higher level should not stop with the EU and the US and should not just cover the economy. No country must be excluded, both as a matter of principle and as a matter of common sense. We all need each other. We believe convergence – not confrontation – between power blocks will prove the best way to shape the twenty-first century.

Thus, TTIP is not just another trade agreement. It would be a world first if the EU and the US reached agreement on a wide array of basic norms and standards, ranging from state-owned enterprises and intellectual property to investment and consumer safety. It would be another first if we then worked together to uphold such standards globally.

In this sense, TTIP can embody basic values shared across the Atlantic and beyond. Its foundations are a product of democratic societies, rooted in respect for human rights and the rule of law. The US and the EU are among the first to include basic labour, environmental and consumer protection in their trade agreements. We boast two of the most sophisticated regulatory systems in the world. An agreement that commits both parties to uphold such principles would be a powerful tool for advancing these standards globally.

But we don't agree on everything. There are fundamental differences of opinion between Americans and Europeans – on food safety, for example. What is safe and admissible and what is not? In Europe, your 'chlorinated chicken' currently symbolises this difference of opinion. People simply don't trust it. And I understand that in this continent there is some anxiety about our cheeses.

That is both trivial and fundamental at the same time. Let me invoke the ideas of John Locke. I'm well aware, by the way, that Locke was English and also belongs to you since he laid the foundations for your democracy. But he lived and worked in the Netherlands for a long time; he was an exceptionally bright student of Hugo Grotius and had a major influence on our constitutional system. Anyway, John Locke, whether he is yours or ours, was the first to emphasise that a government is merely given a mandate by the people. Sovereignty ultimately lies with the people.

Governments should always handle that sovereignty with utmost care. Locke, like Hugo Grotius, was a staunch advocate of free trade. Transporting ideas over many centuries to current situations is always hazardous, but I choose to interpret Locke's remarks on sovereignty as follows. We must always strike a balance between Hugo de Groot's dream of freedom and Locke's respect for popular sovereignty, the national legislation that expresses it and the government's duty to protect the popular will and the law.

In the context of TTIP, I'd like to mention two concrete elements that impact on sovereignty and government freedom to act. First, the Regulatory Cooperation Body. It's a part of TTIP that has yet to attract a great deal of interest, but I feel sure it will be a subject of intense debate in due course. And with good reason. Because this body is intended to ensure that, after an agreement to remove trade barriers, no new unnecessary barriers are erected in the future. That's a laudable aim. Nobody wants, say, two different kinds of charging station for electric vehicles. But this kind of body is desirable only if scope remains for expressing differences of opinion, as I mentioned earlier. That assessment is always a political one, and can never be left to technocrats, let alone businesses.

Plans for a Regulatory Cooperation Body are still in their infancy. Almost all the details still have to be worked out in the negotiations. But that doesn't mean I'm content to wait and see. A body like this has to be subject to strict conditions. For instance, we can't have a situation where companies seeking to export certain food products to Europe use it as a way of circumventing the EU's stringent authorisation procedures, or the other way around.

In other words, if I have my way the Regulatory Cooperation Body will not have the power to meddle with legislation. Democratic procedures must remain intact. The EU and the US must retain the freedom to set their own policies to protect the public interest: on the environment, health care and so on. Locke would talk in terms of respecting the will of the people. Our coalition agreement talks about measures that safeguard a solid, sustainable future.

Another part of TTIP, Investor-to-State Dispute Settlement, has certainly attracted great interest. Investor protection as such seeks to protect foreign businesses' investments against discrimination by host governments as a means to safeguard the due process of law and also as a chance to devise a better global standard. But here too we must proceed with utmost care, as Locke noted. We cannot permit companies to exert pressure on democratic decision-making by threatening to pursue claims running into billions. I want to guarantee that dispute settlement and arbitration mechanisms are not open to abuse.

This is why I, together with social-democratic colleagues in the EU, proposed improvements along the following four lines. First: limit access to ISDS. Abuse of this mechanism – frivolous claims – must be ruled out, and only businesses which conduct substantial economic activities should be able to use it. As things stand, businesses can use a shell corporation in the Netherlands to institute a claim against another state. This practice must be stopped. Second: the policy freedom of governments must be safeguarded. We cannot allow a situation in which governments cannot carry out their policies for fear of facing large claims. Third: current investment protection standards must be made clearer and more limited. The practice known as 'forum shopping' must be prevented. Businesses will therefore have to make a clear choice about where they wish to have a dispute heard, rather than shopping around endlessly when a court decision is not to their liking. And fourth: arbitration procedures must be improved. They should be more transparent, and clear requirements must be set concerning the quality and independence of the arbitrators. And we should look at the possibilities for appeals. To sum up: the rules on investment protection must be tightened up and made clearer so that everyone knows where they stand. This is, to my mind, entirely in keeping with the spirit of Hugo Grotius and the ideas he put forward 400 years ago.

Ladies and gentlemen,

I spoke earlier about Hugo Grotius's dream of the freedom of the seas and the limits formulated by John Locke when he referred to the will of the people. We all feel that tension, and the Netherlands is no exception. Again, I stress that the open world advocated by Hugo Grotius has enabled the Netherlands to prosper. Our open, export-oriented economy has thrived on the back of the trade liberalisation of recent decades. And the globalisation of the past quarter of a century has largely been to our advantage.

I say 'largely', because a number of important reservations have been expressed. There are concerns. People feel that while trade liberalisation and globalisation have created many

undeniable winners, they have also created losers. In too many places, the race to prosperity has degenerated into a race to the bottom. Two years ago in Bangladesh, it claimed the lives of over 1,100 people at Rana Plaza. And in both your country and in the European Union, including the Netherlands, it has cost too many people their jobs or a slice of their income.

The pace of change has been rapid. So rapid that many people – too many – are already starting to lose faith in large, international projects, whose consequences they cannot take in. There are abuses, there's no denying that. These abuses often stem directly from the way we have regulated things, or failed to regulate them,

I see TTIP as an opportunity to show the world that there's a better way. I'm not naive: stiffer competition can harm weaker sectors. Sometimes that can't be avoided if society as a whole is to move forward. But when we can, we should soften the blow of globalisation and trade liberalisation and look for alternatives for those who pull the short straw. You have your system of Trade Adjustment Assistance; the EU has its own systems, such as the European Social Fund and the Cohesion Fund. Back at home I'm calling for these systems to be made stronger. I want to be sure that when people fall by the wayside, we can help them back on their feet. As I said, the Dutch government wants to move forward. But the goal must always be a solid, sustainable and socially just system.

In this same vein, I'm working to protect the interests of third countries, especially developing countries. Harmonising standards and legislation will have benefits. It will be a relief for them to abolish the absurd situation of an African farmer with two fields, one of which complies with US legislation and the other with EU legislation. We need to maximise such benefits and limit the negative consequences. On balance, a fair, well-thought-out TTIP can do that.

I talked at the start about the Dutch tradition of cooperation and policymaking by consensus: what we call the 'polder model'. One of its manifestations is the Social and Economic Council. It's a typically Dutch phenomenon. A consultative body bringing together representatives of employers and employees. It's one of the Dutch government's most important advisory bodies.

Entirely in the spirit of the polder model, our system of cooperation and consultation, I'll be seeking the Social and Economic Council's advice on TTIP. I want it to assess what TTIP would entail for employment standards in the Netherlands. There's great concern about the fact that

the US has not ratified all the core conventions of the International Labour Organization. I've asked the Social and Economic Council to examine what impact this will have and what alternative ways could be found to create a level playing field.

And then we Dutch will consult, as we have for hundreds of years. It can take a while, and it's not always clear to outsiders what's happening at any given moment. Hence my quite lengthy explanation. But this is the Dutch way of working towards a good, fair and balanced trade agreement, acting on the basis of both Dutch traditions and the current Dutch coalition agreement.

Standing on the shoulders of giants like Hugo Grotius and John Locke, we can see far into the distance, beyond TTIP, to even more extensive international cooperation, the *Mundus Liber*, which is still on the horizon. But let's take one step at a time. And at every step, we should look around us and behind us. Is everyone still with us? The people in whose name we can do this? The people for whom we are doing this? Everything depends on that. Everything must depend on that. Hence the question mark after the title of my talk.

Thank you.