



EUROPEAN COMMISSION

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## The Transatlantic Trade and Investment Partnership: The Real Debate

European Affairs Committee of the Bundesrat

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Sehr geehrter Herr Präsident,

meine sehr verehrten Damen und Herren,

Ich empfinde es als eine ganz besondere Ehre, heute in Berlin zu Ihnen sprechen zu dürfen – den Vertretern der deutschen Bundesländer. Der Bundesrat spielt eine entscheidende Rolle im europäischen politischen Prozess, und ich habe Ihre Einladung daher sehr gerne angenommen. Europa muss bürgernah sein. Dafür ist die Verbindung zur lokalen und regionalen Ebene entscheidend.

Aber die heutige Einladung weckt auch große Erwartungen: Werde ich es schaffen, auf Ihre Anliegen angemessen einzugehen? Kann ich einige Bedenken gegen das transatlantische Freihandelsabkommen ausräumen?

Ich werde mein Bestes geben: Zunächst gehe ich auf einige Punkte ein, die oft aus Ländersicht im Zusammenhang mit TTIP genannt werden. Danach rede ich über das Thema Investitionsschutz. Und zuletzt werde ich auf das Große und Ganze von TTIP zurückkommen.

In den deutschen Zeitungen und sozialen Medien kann man derzeit Vieles zu TTIP lesen. Teilweise schlägt sich dies auch in der politischen Debatte nieder. Aber leider wird diese Debatte teilweise auf nicht korrekter Faktenbasis geführt.

Lassen Sie mich einige Beispiele nennen (and I will continue in English):

On food safety, some critics warn that TTIP would undermine the protections that keep our food safe and healthy. But that is neither in line with the Council negotiation mandate nor with the intentions of the Commission.

I have been very clear that we will not be changing our food safety laws as a result of this agreement. That goes for genetically modified food and hormone-treated beef as much as other products. These issues are just not on the table.

What is on the table is the question whether the Americans can export greater quantities of hormone-free beef. We have already managed to achieve an agreement like that with Canada: our standard remains, but whoever respects the standard may be allowed to face less tariffs.

Or let's look at water. Many are concerned that this trade agreement could undermine the right of local communities to control public services like water distribution. But the EU has never, anywhere, negotiated a trade agreement that does anything like this. There is simply no plan or request in TTIP to privatise water services. Anyone who says the opposite is creating a myth.

The same is true for public services, the "Daseinsvorsorge", more generally, The EU has always made a general reservation that exempts such services from national treatment commitments. And we will stick to this line also vis-à-vis the United States.

On consumer protection President Obama himself said in Brussels some weeks ago that he has not fought his entire political life to raise standards just to do the opposite in TTIP. So, we are not going to lower standards. Rather, we are looking at ways to see how regulations on things like cars, chemicals and pharmaceuticals can work better together. Just last week we published details of the EU's proposals to the Americans in all these areas on the Commission website. So I call upon everybody to verify for him or herself if any of our proposals would actually pose risks for consumers: I am absolutely convinced that this is not the case.

Ministers, Ladies and Gentlemen,

Let me now turn to investment protection. I have taken the unprecedented step of launching a public consultation on what should be in an EU-US deal on investment protection. We are now waiting for the responses received. On the basis of the results, we will take a decision on the next steps.

As people consider their views, however, let me recall some basic features of the current system. I simply cannot accept that some critics describe international investment protection as a 'coup d'Etat', 'Sondergerichte' or anything of the kind.

Because international investment rules are in fact part of some 1,400 international treaties ratified by EU Member States. Germany alone has 130. And the same Member States unanimously asked me to negotiate investment rules in TTIP as well.

So what do investment protection agreements actually say?

Roughly speaking, there are four basic rules. A state promises to an investor:

- I will not discriminate against you, compared with domestic companies who are in similar situations;
- I will honour any commitments I make to you in a specific contract;
- I will not expropriate your assets without compensation;
- I will treat you in a fair and equitable manner.

There is nothing shocking in these rules – rather, they are basic principles of the rule of law, which can be found in substance also in the German Grundgesetz or any other constitution in Europe or in the United States.

The State does not promise, as sometimes aired in the debate, to grant compensation whenever profits of a company are threatened. That is just a dystopian caricature.

En revanche, I accept that there is room for debate, interpretation or improvement on the four basic standards. Because there can be meaningful variations in the way they are formulated.

For example, expropriation law covers not only the outright transfer of property rights from the investor to the state, but also other measures by the state that would have an equivalent effect. In English, this is "indirect expropriation", in German "enteignender Eingriff".

Here, we must take care to set the boundaries straight in order to fully protect the right to regulate of States in the public interest, in a non-discriminatory manner.

That is why I have proposed to bring more legal clarity to our Europe's future investment agreement by reforming clauses like this. The same goes for "fair and equitable treatment", which would also benefit from a much clearer definition.

Moreover, I am ready to look at the enforcement mechanism for these rules. That could involve closing the procedural loopholes that are creating problems. I propose, for example, to modernise and improve the existing system with respect to the transparency in international arbitration courts.

However, we should not abolish the system altogether. Bear in mind that more than half of the investment cases world-wide are brought by European investors. German investors ranging from Telekom to the middle-sized construction firm Walter Bau in Augsburg have brought no less than 27 cases!

Do you really want to tell these companies – and the workers who depend on them for their jobs – that the United States and the EU no longer see any need for protection of foreign investments, thereby inviting other States in the world to do the same?

Rather, the opposite seems wise to me. The United States and the EU have a similar understanding on the right balance between investor protection against arbitrary state measures and preserving the right to regulate in the public interest. We therefore have nothing to fear from investment protection in TTIP. Quite the contrary, it is our chance to set a model for future agreements all around the world.

Ministers, Ladies and gentlemen,

So far I have spent my time trying to demystify this negotiation. But it is probably even more important to remind you of what the benefits would be.

Those fall into two categories:

- The direct economic gains for the European Union and Member States like Germany...
- And the broader strategic gains of an agreement between the world's two largest economic powers on a range of crucial issues for the 21st century.

The economic gains will come from the strengthened economic ties between the EU and the US as we lower barriers to trade.

Much of these will come from making our regulatory systems more compatible, without lowering standards of protection. We are looking at ways to do this for sectors like cars, chemicals and machinery. That would help people working at Volkswagen in Niedersachsen, Zeiss Optic in Saxony, Bosch in Baden-Württemberg – as well in countless other companies, small and large, in locations across the country.

But let me explain this with one example: the pharmaceutical sector.

Today German medicines factories have to be inspected twice – by German and American authorities – if they want to produce for both markets. This is despite the fact that the rules on good manufacturing practices are the same for both sides.

If we can remove that duplication, that will make it easier to do business, boosting growth and jobs. It's worth remembering by the way, that pharmaceutical companies are not all big multinationals: A quarter of all EU exports of basic pharmaceuticals worldwide are by small and medium-sized enterprises.

In fact small and medium sized enterprises are likely to be some of the biggest beneficiaries of this deal all across the board.

- They trade more than people realise, accounting for 30% of all European exports.

- They also trade indirectly, supplying larger companies who make the direct contact with the end customer on the other side of the Atlantic.
- And smaller firms are also likely to benefit proportionately more than their larger counterparts. Why? Because they find it much harder to get over barriers to trade since they have fewer resources to find ways around them.

But let's not forget that this goes in two directions. A trade agreement with the US will also give consumers better access to a wider range of high quality goods and services at better prices. That means they'll get more choice for their euro for products like cars, for instance.

These are the direct economic gains. There are also significant strategic gains.

We, the European Union, want to keep our place in the world. And if we want to continue to shape the norms, rules, standards and disciplines that are so important in a globalised economy, we have to realise that we cannot do this without partners.

If the two largest economies in the world agree on something, then that provides a very strong basis to start talking with the rest of the world.

And these are not insignificant issues. We're talking about proposing answers to questions like:

What is a fair way for a government to treat the companies it owns or controls?

How can trade agreements protect workers in an era of global competition?

Or how do we make sure expanded opportunities for trade don't damage the environment?

These are questions to which joint transatlantic answers are very important, as a starting point for global discussion.

Lassen Sie mich auf einen letzten Punkt eingehen: darauf, wie diese Verhandlungen genau geführt werden.

Ich bin davon überzeugt, dass wir an einem Abkommen arbeiten, das gut für Europa, für Deutschland und für die einzelnen Bundesländer sein wird.

TTIP ist keine Geheimverhandlung. Wir geben so viele Informationen wie nur möglich an die Öffentlichkeit, und holen umgekehrt die öffentliche Meinung ein. Das klingt einfacher als es ist.

Wir haben schon eine Menge getan. Ich behaupte sogar, dass wir schon mehr Informationen veröffentlicht haben als jedes weltweit vergleichbare Verhandlungsprojekt im Handelsbereich. Aber es geht darum, 500 Millionen europäische Bürger zu informieren und in den Prozess einzubinden – diese Aufgabe kann die Europäische Kommission nicht alleine stemmen.

Deswegen arbeiten wir eng mit den Regierungen der Mitgliedsstaaten und dem Europäischen Parlament zusammen. Und auch Sie als die Länderregierungen spielen hierbei eine sehr wichtige Rolle.

Der Prozess ist also nicht undemokratisch. Sobald wir ein Ergebnis erreichen, werden wir es dem Europäischen Parlament und im Rat den Mitgliedsstaaten vorlegen. Es wird also der demokratische Ratifizierungsprozess auf der europäischen Ebene erfolgen.

In der Debatte wurde diesbezüglich in letzter Zeit auch nach der Rolle der nationalen Parlamente gefragt.

Gemäß dem Vertrag von Lissabon werden die Handelsabkommen der EU nur auf EU-Ebene ratifiziert. Es gibt allerdings generelle Unklarheiten über die rechtliche Trennlinie

zwischen EU und nationaler Ebene in Sachen Handelsabkommen. Sowohl die Mitgliedsstaaten als auch die Kommission würden von einer klaren Auslegung der neuen Rechtsbegriffe profitieren. Nur in dieser – allgemeinen – Frage würde ich gerne den Rat aus Luxemburg einholen.

Aber Berichte, dass ich zum Europäischen Gerichtshof ziehen würde, um die Ratifikation von TTIP seitens nationaler Parlamente zu verhindern sind absurd. Wie könnte ich dem Gericht überhaupt ein Abkommen vorlegen, das es noch gar nicht gibt?

Deswegen lassen Sie mich hier sagen, dass es auf Grund der Breite der Verhandlungen sehr wahrscheinlich ist, dass TTIP ein "gemischtes Abkommen" sein wird. Und ein "gemischtes Abkommen" bedeutet klar, dass nationale Parlamente und Verfassungsorgane wie der Bundesrat über TTIP mitentscheiden werden.

Herr Präsident,

Meine Damen und Herren,

Es ist ein wichtiger Teil unserer Aufgabe als Volksvertreter kollektive Präferenzen in die Tat umzusetzen. Umgekehrt müssen wir daran arbeiten, dass unser Handeln auf breiter Ebene verstanden wird.

Diese Arbeit ist bei den gegenwärtigen Verhandlungen unerlässlich. Wir brauchen eine breite Debatte über die Chancen und möglichen Nachteile des geplanten Abkommens. Aber diese Debatte muss auf Fakten beruhen, nicht auf Fiktion.

In Ihrer Doppelrolle als Volksvertreter auf nationaler und regionaler Ebene haben Sie eine besonders gewichtige Stimme in der jetzigen Diskussion.

Deswegen freue ich mich darauf, Ihre Meinung zu hören...

... und hoffe, dass ich mit Ihrer Unterstützung rechnen darf.