



**EUROPEAN COMMISSION**

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**Karel De Gucht**

European Commissioner for Trade

## **Fresh Momentum for a Transatlantic Economic Partnership**

CDU Wirtschaftsrat Economic Conference 2014

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Ladies and gentlemen,

Berlin in 2014 is an anchor of political and economic stability. This is due to your "Soziale Marktwirtschaft" and the great performance of German companies and workers. I praise you for your achievements and I have listened carefully to Chancellor Merkel's convincing agenda for Germany and Europe.

Indeed, we have a broadening recovery under way in the European Union. But we are unfortunately not yet anywhere near where we need to be.

At the beginning of last month 25 million people in our Union remained out of work. 5 million of them were under 25.

Our latest projections for the European Union give us 1.6% growth this year and 2% next year.

These are reasonably good numbers. Reasonably good for a developed economy, and far better, in any case, than what we have experienced in recent years.

But we will have to do better.

If the European Union and its Member States want to continue to provide opportunities for our people, young and old... we will need to do better.

To meet that essential challenge we need to explore all options and vigorously pursue the ones that will work. We simply cannot afford to ignore the sources of growth, including those set free through trade agreements.

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That, however, is what some would have us do with the Transatlantic Trade and Investment Partnership, or the TTIP as it is known for short.

This negotiation does have real potential to strengthen our economy.

The United States is already Europe's largest trade and investment partner.

And TTIP would expand that relationship to boost growth and create jobs on both sides of the Atlantic.

"How would it do this?" many people ask.

Very simply: By creating new opportunities for companies to grow and become more efficient – and by extension for the people that work for those companies and people who are looking for work; but also through cheaper imports, for instance of energy raw materials.

I'm thinking of the many small and medium sized German companies who work in high-tech infrastructure or engineering. If the TTIP is successful they will have new opportunities to enter and compete on the US market.

I'm also thinking of sectors like pharmaceuticals. Those companies would have an easier time exporting to the United States if their factories didn't need to be inspected twice – by EU and US authorities – for compliance with exactly the same rules.

And I'm thinking of traditional firms that are no less important to German and European growth. Like the small tableware producer who today faces tariffs of over 20% in the US – who contacted the European Commission in the hope that TTIP might be able to help.

These are the kinds of opportunities this negotiation has the potential to create.

And they are opportunities we would be foolish to ignore.

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That is why it is so important for everyone who wants to see a strong and prosperous Europe to fully engage in the debate about this agreement.

That debate is going on right now across the continent, but it is particularly intense here in Germany. I have travelled all around the Member States, from the United Kingdom, to Spain, Poland or Bulgaria. Everybody is interested in TTIP. But nowhere in Europe is the debate as lively as in Germany. I have listened carefully when talking in particular to representatives from NGOs, trade unions, opposition parties in the Bundestag, representatives of the Länder in the Bundesrat, or the questions I get from journalists. Many of the topics are recurrent, and I would like to use the occasion here to explain what we are doing and what we are **not** doing.

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There seem to be four key issues that are recurrent in the public debate here:

- (1) Transparency
- (2) Investment protection
- (3) Regulatory standards
- (4) Services.

First, on transparency. This is not a secret deal between business and government that's already been agreed behind closed doors.

It's an ongoing negotiation. Europe is represented by the European Commission. We act under the democratic and detailed scrutiny of national governments and the European Parliament. Business is not part of the negotiation; there is no secret text; and when there is an agreement it will be fully public before any democratic decision is made to adopt it or not.

TTIP is also more open to the public than any other bilateral negotiation the EU has ever engaged in.

- The Commission has put its negotiating positions online.
- We've met with hundreds of stakeholders – from companies, yes, but also from trade unions, consumer groups and non-governmental organisations. Nobody is excluded. Whoever wishes to be informed, can and will be informed.
- And we're now in the middle of a huge public consultation on an important aspect of this agreement. I have received several thousands (!) of replies on investment protection in the agreement, and we will thoroughly examine them.

I have to admit that two things are not public, though: the negotiating directives and US papers.

On the first, I have asked the Council to publish them, but a number of Member State governments have prevented that. I think this is a mistake and should be revisited: the negotiation guidelines summarize the EU objectives in the negotiations and could reassure citizens that there is nothing dangerous in TTIP. Second, US papers can only be shared with the consent of the US government. I am working on that front as well.

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Investment protection is the second area where more facts need to be deployed:

- People slowly discover that investment protection agreements already exist; that Germany has 130 already; and that we have nonetheless been able to put in place some of the highest standards of consumer and environmental protection in the world.
- Still, many critics say, investment protection is either bad or superfluous. Well, investment protection agreements are in fact limited in their scope. They talk about discrimination, expropriation and fair and equitable treatment – in the context of specific investments. And no more than that.
- These agreements exist for a reason – to protect our investments abroad that ultimately strengthen the European economy. German companies have taken 27 cases worldwide under current investment arrangements. Nobody mentions them. But when Germany is the defendant in one case (brought by the Swedish firm Vattenfall), all of a sudden investment protection seems to be a dangerous attack on the rule of law. This does not sit together well.
- Finally, the European Commission is well aware of the need to improve on current rules, by clarifying definitions, closing loopholes and bringing transparency to the arbitration process. That is what we are aiming to do in the TTIP. And it is with exactly that task in mind that we want people's help in the public consultation. How best can we do this?

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The third point is that this agreement is not about lowering standards. It is true that regulation and regulatory convergence is at the core of the process. That is because it's the best way to deliver a growth boost.

But it is perfectly possible to find ways to make regulation more compatible without lowering standards. The case of pharmaceuticals is just one example. Car safety is another – and I'm sure Matthias Wissman will make this very clear in a moment.

But let me say again what I have said before: The EU will not be changing its laws on genetically modified food. And we will not be changing our laws on beef hormones. And we will never surrender our regulatory sovereignty.

Let me make two further points about standards we will not be lowering:

It is out of the question that TTIP will affect Germany's rich cultural diversity or policies. Neither public support for theatres, operas, film production, or public radio and television, nor Germany's system of fixed prices for books will be subject of negotiation in TTIP. These issues are simply not being discussed at all in TTIP.

But when Minister Gabriel or my staff publicly say so, we are not heard. For example, when confronted with these assurances, the President of the Akademie der Künste, Mr Staack openly says on German Television last Friday: "I do not trust them". Let me ask

him back: Can he mention a single EU free trade agreement of the past where we have put in danger public support for culture? Why frighten people when the facts speak for themselves?

Similar, there is a lot written about the way TTIP could affect services like public healthcare and public education. Most recently Mr. Beckmann from the German teacher's association has argued that "free market access" on educational services would create so hard a competition that – in extremis – German teachers could be replaced by American Apps. This is absurd, but I am afraid I am not telling you a joke. So let me say again:

Public healthcare and public services play a crucial role in our societies, a role that Europeans value, and which EU law recognises.

So the European Union is required to protect them in all of our trade agreements.

TTIP will not result in any privatisation of public services. This is for national governments to decide, and that will not change with TTIP.

As a result all EU trade deals guarantee...

- that European national, regional and local governments are free to regulate whatever they consider to be public services;
- that EU governments can also organise public services as a monopoly, where just one supplier provides the service if they wish;
- that European governments, at all levels, can prevent foreign service providers from getting access to their markets...

... or that they can treat EU service providers better than foreign services providers if they wish...

...in key public services such as public health, public education or water services.

The European Commission will not deviate from this approach in the TTIP.

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Ladies and gentlemen,

The final point that supporters of this negotiation need to make in public discussion is this: TTIP is about securing our values in a changing world.

Europe has the fortune to punch above its weight in today's world economy. We have just 7% of the population, but a 20% of the world's GDP. Our European Single market of 500 million consumers means that when we speak together our voice has weight in the world.

So when the European Union sets a global standard for chemicals regulation or vehicle emissions... the world takes note and many players around the globe adapt.

But that will not be the case forever. One of the fundamental international objectives of our Union is to see sustainable economic development spread around the world.

The more that objective is achieved – and we do see it being achieved – the smaller will be Europe's weight. That's just mathematics.

And it's very good news by the way – not just for the millions who are being lifted out of poverty but also directly and concretely for Europeans – who have so many more consumers for what we produce.

But it does mean that we will increasingly need to work with allies, if we want to continue to promote our values – like the rule of law, strong labour rights, high standards of health and safety and open markets for energy and raw materials trade.

And the reality – which is all too often lost in the TTIP debate – is that the United States **is** our best ally on these and many other issues. The United States is not a deregulated Wild West. It is a highly regulated developed economy, just like ours.

Yes we have differences. And where we can't agree... we won't agree. But that does not mean we should give up at the outset.

Rather, we need to do what we can to make sure that this agreement prepares the ground for a changed world.

If we do it right, TTIP can provide us with a common platform that can serve as a starting point for global discussions on global rules.

And it can help us strengthen our economy, and help put Europe back to work.

I know that many of you in this room will share these views. What counts now is to go out and make them known.

Ladies and gentlemen,

When nominating Mr. Juncker as the next Commission President last Friday, the European Council also adopted a "strategic agenda" for the Union for the next years. Among the priorities of the Heads of States and Governments was to engage our global strategic partners on a wide range of issues, including trade.

America clearly falls within this priority and I stand up to realize our common ambition through TTIP. The European Council went as far as calling for a completion of these negotiations by 2015. However, for this to succeed I need your help.

As Berlin is key in a controversial public debate, I hope you will join me in speaking up for TTIP in the year to come.